



# **Franchise Disclosure Document**

## FRANCHISE DISCLOSURE DOCUMENT

Men In Kilts, US, LLC  
a Massachusetts limited liability company  
77 North Washington Street  
Boston, MA 02114  
(617) 997-4729  
FDD@meninkilts.com  
www.meninkilts.com



As a MEN IN KILTS franchisee you will operate a business that provides window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services that we authorize.

The total investment necessary to begin operation of a MEN IN KILTS Franchised Business ranges from \$98,600 to \$151,450 This includes \$39,475 to \$40,975 that must be paid to the Franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kelli Schroeder at 77 North Washington Street, Boston, Massachusetts 02114, Telephone 617-997-4729, [FDD@meninkilts.com](mailto:FDD@meninkilts.com).

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 to an advisor like a lawyer or 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 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 also be laws on franchising in your state. Ask your state agencies about them.

**Issuance date:** April 29, 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 Exhibit F.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B 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 MEN IN KILTS 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 MEN IN KILTS franchisee?</b>	Item 20 or Exhibit F lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation in the state where the franchisor's principal office is located. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in this state than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's guarantor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You will pay a minimum royalty based on months in business regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided by the Michigan Franchise Investment Law. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee’s inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the 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 subsection does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Franchise Administrator  
Consumer Protection Division  
Antitrust and Franchise Unit  
Michigan Department of Attorney General  
525 West Ottawa Street  
Lansing, Michigan 48913  
(517) 373-7117

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

To simplify the language in this disclosure document, “MIK”, “our”, “us”, “we”, or “Franchisor” refers to Men In Kilts US, LLC, the franchisor. “You”, “your” or “Franchisee” refers to the person, or any corporation, partnership or legal entity who buys a Men In Kilts franchise, including the franchisee’s owners and partners.

**Franchisor**

We are a Massachusetts limited liability company that was formed on February 22, 2019. Our principal business address is 77 North Washington Street, Boston, MA 02114. We conduct business under our corporate name, under the trade name and service mark “Men In Kilts”, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like (“e-names”) and associated logos, designs, symbols and trade dress (collectively, the “Marks”).

We started offering Men In Kilts franchises March 2019 and had 23 franchisees as of December 31, 2024. We have not offered franchises in any other line of business, and have never operated a business similar to the Franchised Business.

**Parent, Predecessors, and Affiliates**

On August 13, 2020 all of our membership interests were acquired by HS Group Holding Company, LLC (“HSGH”). Effective August 27, 2021, Threshold Brands, LLC (“Threshold Brands”), acquired all of our membership interests from HSGH. Threshold Brands maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HSGH. HSGH maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

HSGH is majority owned through various holding companies by Riverside Micro Cap Fund V-A, L.P., and RMCF V AIV I, L.P., each of which maintain their principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Each of Riverside Micro-Cap Fund V-A, L.P. and RMCF V AIV I, L.P. are managed by The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses. It maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Through various private equity funds managed by The Riverside Company the portfolio companies of Riverside Company disclosed below offer franchises in the United States. None of these companies have ever conducted the type of business a Men In Kilts franchisee will operate, nor have they ever offered franchises for this type of business and none of them provide products or services to our franchisees.

**EverSmith Brands**

U.S. Lawns, Inc. (“U.S. Lawns”) has offered franchises under the mark “U.S. Lawns” since August 1986. U.S. Lawns’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of December 31, 2024, U.S. Lawns had 210 franchises operating in the United States.

milliCare Franchising, LLC (“milliCare”) and its predecessors have offered franchises since January 2011. milliCare’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related

services under the mark “milliCare Floor & Textile Care.” As of December 31, 2024, milliCare had 59 franchises operating in the United States.

Kitchen Guard Franchising, Inc. (“Kitchen Guard”) has offered franchises since August 2023. Kitchen Guard’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, 2024, there were 5 Kitchen Guard franchises operating in the United States.

Restoration Specialties Franchise Group, LLC (“Prism Specialties”) has offered franchises since April 2012 and since September 2021 these franchises have operated under the mark “Prism Specialties.” Prism Specialties’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A Prism Specialties franchise offers electronic, art, textile, and document recovery, repair, and restoration services. As of December 31, 2024, Prism Specialties had 93 franchisees operating in the United States.

The Seals Franchising, LLC (“The Seals”) has offered franchises since August 2019. The Seals’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A The Seals franchise offers the sale and installation of gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting board. As of December 31, 2024, The Seals had 4 franchises operating in the United States.

### **Evive Brands**

Executive Home Care Franchising, LLC (“Executive Care”) has offered franchises under the mark “Executive Home Care” since June 2013. Executive Care’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, 2024, Executive Care had 22 franchises operating in the United States.

B & P Burke, LLC (“B&P”) has offered franchises under the mark “Grasons” since May 2014. B&P’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, 2024, B&P had 61 franchises operating in the United States.

ALL Franchising, LLC (“ALL”) and its predecessors have offered franchises under the mark “Assisted Living Locators” since May 2006. ALL’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, 2024, ALL had 162 franchises operating in the United States.

Brothers Parsons Franchising LLC (“Brothers”) and its predecessor have offered franchises under the mark “The Brothers that just do Gutters” since July 2015. Brothers’ principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A “The Brothers that just do Gutters” franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, 2024, Brothers had 355 franchises operating in the United States.

### **Head-to-Toe Brands**

BCC Franchising, LLC (“BCC”) and its predecessor have offered franchises since March 2007 under the mark “Bishops”. BCC’s principal business address is Terminal Tower 50 Public Square, 29th Floor

Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2024, BCC had 40 franchises operating in the United States.

Frenchies, LLC (“Frenchies”) has offered franchises under the mark “Frenchies Modern Nail Care” since April 2015. Frenchies’ principal business address is 2679 West Main, #363, Littleton, CO 80120. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, 2024, Frenchies had 23 franchisees operating in the United States.

The Lash Franchise Holdings, LLC (“Lash”) and its predecessor have offered franchises under the mark “Lash Lounge” since March 2010. Lash’s principal business address is 4370 Varsity Drive, Suite G, Ann Arbor, MI 48108. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, 2024, Lash had 140 Lash Lounge franchises in the United States.

### **Best Life Brands**

Blue Moon Franchise Systems, LLC (“Blue Moon”) has offered franchises under the mark “Blue Moon Estate Sales” since August 2013. Blue Moon’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon Estate Sales franchise sells personal property and provides consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, 2024, Blue Moon had 124 franchises in operation in the United States.

Boost Franchise Systems, LLC (“Boost”) has offered franchises under the mark “Boost Home Healthcare” since July 2021. Boost’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Boost Home Healthcare franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient’s residence or within health care facilities. As of December 31, 2024, Boost had 6 franchises in operation in the United States.

CarePatrol Franchise Systems, LLC (“CFSLLC”) whose principal place of business is 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600. Since April 2009, CarePatrol has offered franchises that provide referral and senior placement services under the CarePatrol name. At various times since 2012, CarePatrol has also sold four area representative franchisees in selected areas. As of December 31, 2024, CarePatrol had 201 franchises in operation in the U.S. and 2 in Canada. CarePatrol has never offered any services similar to those offered by Next Day nor has it offered franchises in other lines of business.

ComForCare Franchise Systems, LLC whose principal place of business is 900 Wilshire Drive, Suite 102, Troy, MI 48084. Since April 2001, ComForCare has offered franchises which provide (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services (extended hourly nursing care for the treatment of medical ailments, Non-Medicare). As of December 31, 2024, ComForCare has 248 franchises in the U.S. and 16 franchises in Canada. ComForCare has never offered any services similar to those offered by Next Day nor has it offered franchises in other lines of business.

Next Day Access, LLC (“Next Day”) whose principal place of business is 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600. Since March 2012, Next Day has offered franchises that engage in the sale and rental of ramps, additional related products, and accessories that enhance the quality of life of physically disabled or challenged persons. As of December 31, 2024, Next Day had 49 franchises operating in the U.S. and 2

franchises in Canada. Next Day has never offered services similar to those offered by Blue Moon nor has it offered franchises in other lines of business.

### **Predecessors**

On March 29, 2019, we purchased the United States intellectual property rights to the Men In Kilts' trademarks, website, social media and other related intellectual property from Men In Kilts Franchise Services Inc. ("MIKFS"), a franchisor with a principal business address at Suite 311 –5455 152nd Street Surrey, British Columbia, Canada V3S 8L5. MIKFS began offering franchises in the United States in 2011 but suspended that offering as of March 29, 2019. MIKFS began offering franchises in Canada in 2010 but suspended that offering in 2020. MIKFS would be considered a predecessor of ours.

Except as disclosed above, neither we nor our parent, nor our affiliates, currently operates any other types of businesses which offer franchises or provide products or services to our franchisees. Except as disclosed above, we have no parent, predecessors or affiliates required to be disclosed in this Item. Neither we nor any of our affiliates disclosed above have offered franchises in any line of business except as disclosed

### **Affiliates**

Our wholly owned subsidiary Men In Kilts Canada Inc. franchises the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, MA 02114. Its franchisees provide window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services in Canada. As of December 31, 2024 it had 20 franchises in Canada.

Our affiliate MaidPro Franchise, LLC ("MaidPro") is a franchisor of businesses providing residential and commercial cleaning and other related services to individuals and businesses. Its principal business address is 77 North Washington Street, Boston, MA 02114. MaidPro has been offering residential and commercial cleaning service franchises since February 1997. As of December 31, 2024 it had 237 franchised locations in the United States and 14 franchised locations in Canada.

Our affiliate Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, 2024 had 57 franchises in the United States.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since March 2006 and as of December 31, 2024 had 109 franchises in the United States.

Our affiliate PHP Franchise, LLC ("PHP"), is a franchisor of businesses providing residential plumbing and related services under the Plumbing Paramedics mark and businesses providing residential heating and air conditioning installation, repair, replacement and maintenance services under the Heating & Air Paramedics mark. Its principal place of business is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. In November 2021 PHP began offering Plumbing Paramedics and Heating & Air Paramedics franchises and as of December 31, 2024 it had 15 Plumbing Paramedics franchise and 14 Heating & Air Paramedics franchises, all in the United States.

Our affiliate Sir Grout Franchising, LLC ("Sir Grout") is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services as well as other services. Its principal business address

is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Sir Grout has been offering franchises since August 2007 and as of December 31, 2024 had 71 franchises in the United States.

Our affiliate Granite Garage Floors Franchising, LLC is a franchisor of businesses that market, sell and install residential garage floor coating systems. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since June 2013 and as of December 31, 2024 had 55 franchises in the United States.

Our affiliate Mold Medics Franchising LLC is a franchisor of businesses providing mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since December 2020 and as of December 31, 2024 had 6 franchises in the United States.

Our affiliate Miracle Method, LLC is a franchisor of businesses providing restoration services for bathtubs, sinks, showers, tile, countertops, and similar surfaces in homes and businesses. Its principal business address is 215 Sutton Lane, Colorado Springs, CO, 80907. It has been offering franchises since 1996 and as of December 31, 2024 there were 201 unit franchises and 2 master franchises operating in the United States.

We have no affiliates that provide products or services to our franchisees. Except as disclosed above, we have no affiliates that offer franchises in any line of business. Except as disclosed above, we have no parent, predecessors or affiliates required to be disclosed in this Item. None of our affiliates has ever conducted the type of business a Men In Kilts franchisee will operate.

### **Agents for Service of Process**

Please refer to Exhibit A for agents for service of process.

### **The Business We Offer**

Under the Franchise Agreement (the “Franchise Agreement”), we franchise and grant to qualified parties, the right and obligation to operate a business providing our window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services we authorize to the public, utilizing our system of operation and the Marks (the “Men In Kilts System”), within a designated geographic territory (the “Franchised Business”). We offer a franchise with a minimum of 100,000 Qualified Households (the “Qualified Households”) within the territory you select and we agree on (the “Territory”).

Your competition may include other window cleaning, gutter cleaning, pressure washing, siding cleaning, and snow removal companies or services and self-employed individuals.

All Franchised Businesses are located in urban or suburban areas and generally serve households with household incomes greater than \$100,000 and the general business community. Your Men In Kilts Franchised Business will provide products and services to the general public throughout the year. Sales can be seasonal in nature, depending on the area your Franchised Business is located. Weather and the region that your Franchised Business is located in will impact the types of services, and the amount of services, you may provide.

### **Applicable Regulations**

Regulations specific to the industry primarily consist of all safety regulations set forth by Occupational Safety Hazards Association (OSHA), environmental regulations concerning discharge of chemicals into

surface water, including the Clean Water Act, the Federal Water Pollution Control Act, and the Resource Conservation Recovery Act. Federal, state and local governments also may have other territory specific requirements that may affect the operation of your Franchised Business. There may be other laws applicable to your Franchised Business, which may include bonding or licensing requirements for businesses performing window cleaning. You also will be required to comply with all local, state and federal laws in the operation of your Franchised Business. We urge you to make further inquiries about all of these laws.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chairman of the Board of Managers – Jordan Lajoie**

Mr. Lajoie was appointed as the Chairman of our Board of Managers in February 2025. Since February 2025 Mr. Lajoie has also served as the Chairman of the Board of Managers of Head-to-Toe Brands, another portfolio company owned by The Riverside Company. From July 2020 to the present Mr. Lajoie has served as the President of Pinecrest Holdings, Inc. in Portland, ME. From July 2014 to June 2020 Mr. Lajoie was a Management Consultant for Accenture in Boston, Ma.

### **Vice President and Manager – Caroline Quoyeser**

Since August 2020, Ms. Quoyeser has served as our Vice President and Manager. Since August 2021, Ms. Quoyeser has been the Vice President and a Manger of our parent, Threshold Brands, LLC, and since August 2020 Ms. Quoyeser has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Ms. Quoyeser is also a Vice President and Manager for all of our affiliates offering franchises disclosed in Item 1. Since November 2021 Ms. Quoyeser has also served as a Manager for Evive Brands, another portfolio Company owned by The Riverside Company. Since January 2023 Ms. Quoyeser has been an Assistant Vice President with The Riverside Company in Santa Monica, CA. From July 2021 to December 2022 Ms. Quoyeser was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Quoyeser was an Associate with The Riverside Company in Santa Monica, CA.

### **Vice President, Secretary and Manager – Stephen Rice**

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

### **Manager – Ryan Farris**

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

### **Manager – Steven Siegel**

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

### **Manager – Mark Kushinsky**

Since our formation in July 2020, Mark Kushinsky has been a member of our Board of Managers and was our CEO from July 2020 to April 2021. Mr. Kushinsky is also a Manager for our parent, Threshold Brands, LLC, and its parent HS Group Holding Company, LLC and all of our affiliates offering franchises disclosed in Item 1. From April 2008 to July 2020, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise Corporation, located in Boston, MA.

### **Chief Executive Officer and Manager – Theodore Demarino**

Since June 2023, Mr. Demarino has been our Chief Executive Officer (“CEO”) and a member of our Board of Managers. Mr. Demarino is also the Chief Executive and a Manager for our parent, Threshold Brands, LLC, and its parent HS Group Holding Company, LLC and all of our affiliates offering franchises disclosed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX.

### **Chief Financial Officer – William A. Newby III**

Since November 2024, Mr. Newby has been our Chief Financial Officer (“CFO”). Mr. Newby is also the CFO of our parent company, Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. He also serves as the CFO of all of our affiliates disclosed in Item 1. From April 2023 to November 2024, Mr. Newby was the CFO of Building Plastics, Inc. in Memphis, TN. From August 2018 to March 2023, Mr. Newby was the Corporate Controller for Ring Container Technologies in Oakland, TN.

### **Chief Legal Officer – Robert G. Huelin**

Since May 2021 Mr. Huelin has been our Chief Legal Officer (“CLO”), and the CLO of our parent, Threshold Brands, LLC. He also serves as CLO of our affiliates offering franchises disclosed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC in Rocky Hill, CT.

### **Chief Revenue Officer – Juliet Diiorio**

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

### **Chief Operating Officer – Cory Hughes**

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

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

**Vice President, Franchise Development – Kelli Schroeder**

Ms. Schroeder joined us as Vice President, Franchise Development, in October 2024. From June 2023 to October 2024 Ms. Schroeder was the Vice President of Franchise Development at WellBiz Brands in Island Park, NY. From August 2021 to June 2023 Ms. Schroeder was the Vice President of Franchise Development for SUCCESS Space in Island Park, NY. From July 2019 to August 2021 Ms. Schroeder was the principal of Schroeder Consulting, LLC in Long Beach, NY.

**Brand Leader – Nicholas Brand**

Mr. Brand has been our Brand Leader since January 2024. From April 2013 to the present, Mr. Brand has been the President of Saltire Enterprises, Inc. in Chilliwack, British Columbia, Canada. Saltire Enterprises is the partial owner of five Men in Kilts franchises and two MaidPro franchises.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

**Initial Franchise Fee**

You will pay us an initial franchise fee of \$38,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement, unless we offer to finance all or a portion of it for you. We may offer to prospects who meet our qualifications, including creditworthiness, financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information.

During 2024 our franchise offering included waivers, discounts and refunds such that our Initial Franchise Fee ranged from \$0 to \$38,000.

We may reduce or waive the Initial Franchise Fee as discussed in the programs below:

**Franchise Option Program**

For new franchisees, we may offer to refund the Initial Franchise Fee in exchange for an increase to the Continuing Royalty rate by an additional 4% of Gross Consumer Sales (for example the 6% royalty will increase to 10%) for 10 years (the initial 7-year term and the first three years of the renewal term, if the franchise is renewed). We refer to this program as our “Franchise Option Program”. We will refund your Initial Franchise Fee within 10 days of the opening of your Franchised Business so long as it opens within the time required under the Franchise Agreement and you are not otherwise in default under the Franchise

Agreement or any other agreement between you and us or any of our affiliates. If you take advantage of this program you must sign the Franchise Option Amendment attached to the Franchise Agreement as Exhibit G.

### **Military/First Responder Program**

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

### **Multi-Unit Program**

We currently offer a multi-unit discount. If you purchase 3 or more franchises, you may be eligible to receive a 25% reduction of the Initial Franchise Fee for the second and any additional franchises you purchase at the time you purchase the initial franchise. You must sign a Franchise Agreement for each territory, and you must sign all of the Franchise Agreements as part of a single transaction to qualify for this discount. You must also sign the Multi-Territory Development Addendum attached to the Franchise Agreement as Exhibit K.

### **Hard to Serve/Underserved Markets Program**

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

### **Conversion Franchise Program**

We also offer conversion franchises to qualified individuals and entities that have offered services similar or identical to the services of the Franchised Business for at least 6 months and that have generated more than \$25,000 in sales during the latest 6 month period in that business. Conversion franchisees will sign the Franchise Agreement and Conversion Franchise Addendum (see Exhibit G) The Conversion Franchise Addendum waives (i) the Initial Franchise Fee; and (ii) for the first 2 years only, reduces the monthly Continuing Royalty to 2% of Gross Consumer Sales and the monthly Minimum Royalty to \$250. All other terms of the Franchise Agreement will apply to the conversion franchisee unless otherwise specified in the Conversion Franchise Addendum. If you are a conversion franchisee you will sign the Franchise Agreement and the Conversion Franchise Addendum attached as Exhibit G to this Disclosure Document.

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

### **Field Service Software**

You must purchase for use in your Franchised Business Field Service Software. You must acquire and pay for this software at least one month before opening of your Franchised Business. The cost for this software is \$475 per month, plus applicable sales taxes for 1 tenant license and 10 users. You must also pay \$2,000 to implement with data migration and \$1,000 to implement without data migration. We may collect these amounts on behalf of our approved supplier.

## **Training Fee**

You or your majority owner if you are an entity (“Operating Principal”), and any General Manager, must successfully complete our Initial Training before you may open your Franchised Business. We do not charge for the Initial Training Program for up to two attendees. We charge a training fee of \$500 for each additional attendee. This amount is nonrefundable and due before attendance at the Initial Training Program.

We pay a referral fee (“Referral Fee”) to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is \$25,000 for each successful referral of a candidate who is not a current Men In Kilts franchisee or a franchisee of any of our direct affiliated brands.

All amounts in this Item 5 are deemed fully earned and non-refundable when due.

### **ITEM 6 OTHER FEES**

<b>Type of Fee</b>	<b>Amount<sup>1</sup></b>	<b>Due Date</b>	<b>Remarks</b>
Continuing Royalty	6% of monthly Gross Consumer Sales.	Monthly on last business day of month.	See Note 2 and Note 3.
Minimum Royalty	No Minimum Royalty for first 12 months of Franchise Agreement. Minimum Royalty of \$600 per month for months 12-24, and \$1,200 per month for remainder of Franchise Agreement.	Monthly on last business day of month.	See Note 2 and Note 4.
Additional Premium Royalty	2.5% of Gross Consumer Sales from services provided to customers geographically located outside your Territory.	Monthly on last business day of month.	See Note 2 and 3.
Brand Fund Fee	2% of Gross Consumer Sales.	Monthly on last business day of month.	See Note 2.
Initial Training Fee	\$500 per person.	Before training	See 5 and Note 13.
Ongoing Training	The then-current registration fee. If we provide training on-site at your location, you must pay our expenses plus \$75 / hr. per employee.	Before training and as incurred	See Note 6 and Note 13.

<b>Type of Fee</b>	<b>Amount<sup>1</sup></b>	<b>Due Date</b>	<b>Remarks</b>
Late Submission Fee	\$100 per violation, for any failure to pay us or provide us with information within the time in the Franchise Agreement, plus 12% interest per year, or the maximum rate allowed by law, from date amount originally due until paid.	On demand.	See Note 7.
Transfer Fee	\$5,000	Before transfer	Payable when you sell or transfer your Franchised Business.
Product/Supplier Approval Costs	Cost of inspection or testing, plus actual cost of laboratory fees, professional fees and travel and living expenses of our personnel.	Upon receipt of an invoice	We may require you to pay us, or an independent laboratory, for the cost of inspection or testing, if you desire to purchase or lease items to be used in the Franchised Business from sources we have not previously approved.
Audit Amount	Any unpaid amounts due, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed 1 ½% per month. If understatement is 2% or more of the Gross Consumer Sales, cost of the audit.	On demand	See Note 8.
Costs and Attorneys' Fees	Will vary under the circumstances.	As incurred	Payable if you fail to comply with the Franchise Agreement.
Indemnification	Will vary under the circumstances.	As incurred	You must indemnify and hold us harmless for all claims, losses, costs, expenses, and damages arising from the operation of your Franchised Business and from the exercise of our step-in rights.
Convention Fee	Up to \$1,500 per attendee, depending on our costs.	Due at registration	See Note 9 and Note 13.
Customer Complaints	All amounts we incur to satisfy a complaint of your customer.	On demand	Only payable if we need to intervene to satisfy a complaint of one of your customers. See Note 10.

Type of Fee	Amount <sup>1</sup>	Due Date	Remarks
Step In Fee	\$200 per hour per employee, plus any expenses they incur and any attorneys fee we incur in connection with the exercise and maintenance of the rights.	On demand.	Only due if you are in default under the Franchise Agreement and you don't cure or can't cure, you take actions that jeopardize the integrity of our System, you are absent, incapacitated or die, and we step in to operate your business. See Note 13.
Renewal Fee	\$2,500	Before renewal	Payable only if we agree to the renewal of your franchise.
Non-compete Fee	Amount equal to our then-current initial franchise fee for each Competitive Business identified plus 7% of the Competitive Business' gross sales until expiration of the non-competition period.	On demand	Only payable if you breach the noncompetition provisions in your Franchise Agreement.
Field Service Software	\$475 per month, plus applicable sales taxes, for one tenant license and ten users. \$47.50 for each bundle of 10 additional users.	Upon demand by vendor, or monthly on last business day of month.	We may collect this fee from you and pay it to the supplier. See Note 11.
Financial Management Software	\$15 per month per license.	Upon demand by supplier, or monthly on last business day of month.	We may collect this fee from you and pay it to the supplier. See Note 11 and Note 13.
Call Routing	\$20 per month.	Monthly on last business day of month.	See Note 11 and Note 13.
Email Licenses	\$12 per month per license.	Monthly on last business day of month.	See Note 11 and Note 13.
Marketing Services	\$115 per month, per territory.	Monthly on last business day of the month.	See Note 12 and Note 13.

**Notes:**

1. **Generally.** All fees are uniformly imposed by us. No fees are refundable. We do not collect or

impose fees on behalf of any third party. All amounts due to us or our affiliates are collected by us through our Electronic Funds Transfer (“EFT”) Program under which we directly debit your business bank operating account, or such other account as we may specify, for amounts you owe us. When you sign the Franchise Agreement you must also complete and sign the Electronic Funds Authorization, an example of which is attached to the Franchise Agreement. This Authorization gives us the right to debit your account for amounts you owe us. You must pay us on demand for all taxes we incur on goods or services we provide to you or on payments you make to us. We may change your payment schedule with respect to any fees or other amounts due to us or our affiliates under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon 30 days’ notice to you. If the date due is not a business day, the due date shall be the next immediate business day.

If the Franchise Agreement is subject to a Multi-Territory Development Addendum we will provide in the Addendum the deadline by which you must commence operation of each Franchised Business in the territory.

2. **Gross Consumer Sales.** Gross Consumer Sales means all revenues and income from whatever source derived and/or received by you from, through, by or on account of the operation of the Franchised Business and any other similar business in which you are involved, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise unless we have given specific written permission to waive certain revenue. You may not deduct customer discounts, allowances, rebates or referral fees from Gross Consumer Sales without our prior written permission. The amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are timely paid to the appropriate taxing authority may be deducted from Gross Consumer Sales. The amount of any documented refunds, charge backs, credits and allowances given in good faith to customers by you, but only to the extent that such refunds, charge backs, credit and allowances are given on account of payments that were previously included in Gross Consumer Sales may also be deducted from Gross Consumer Sales.

3. **Royalty Fees.** You must pay us a monthly Continuing Royalty of 6% of your Gross Consumer Sales. If we allow you to perform services for customers located outside of your Territory you must pay an additional royalty equal to 2.5% of the Gross Consumer Sales from those services for those customers. The revenue from these customers will also be included in total Gross Consumer Sales when determining your monthly Continuing Royalty. Your Continuing Royalty will be different if you are in either of the programs discussed below:

- Franchise Option Program – If you are in the Franchise Option Program your Continuing Royalty rate will be 10% of Gross Consumer Sales for 10 years (initial 7-year term and the first three years of the renewal term, if the franchise is renewed).
- Conversion Franchise Program – If you are in the Conversion Franchise Program, monthly Continuing Royalty reduced to an amount equal to 2% of Gross Consumer Sales, with a Minimum Royalty of \$250 per month during the first 24 months after signing the Franchise Agreement.

4. **Minimum Royalty.** Requirement of \$600 per month begins 12 months after date of Franchise Agreement. Amount increases to \$1,200 per month 24 months after date of Franchise Agreement and continues for remainder of Franchise Agreement. If the Continuing Royalty is less than monthly Minimum Royalty you must pay us the difference at the time you would otherwise pay the Continuing Royalty.

5. **Initial Training.** You or your Operating Principal (if you are an entity) and any General Manager must complete our Initial Training Program. We do not charge for the Initial Training Program for the first two attendees. You must pay to us a \$500 Training Fee for each additional attendee. You may also request

that persons who join your business after you have completed the Initial Training Program attend the program. Any new General Manager must complete the Initial Training Program within 30 days of the start of employment or when they begin managing the Franchised Business, whichever is earlier. You must pay the Training Fee for each of these people. You are responsible for all of your costs and expenses and those of your attendees to attend the Initial Training Program.

6. **Ongoing Training.** We may offer, and we may require, you to attend, additional training programs or conferences. We may also provide you with training on-site at your location, either at your request or required by us to address deficiencies in your performance. We may charge a registration fee for training programs and conferences. If you do not attend any required training event, we may charge you an additional fee to cover our costs of providing a second training event. You are responsible for all of your costs and expenses and those of your attendees to attend the Initial Training Program. If we provide training on-site at your location for any reason, you must pay for our costs and expenses, including travel, hotel/lodging, meals and transportation, and we will charge you a rate of \$75 per hour for each of our personnel who provide the training.

7. **Late Submission Fee.** If any fee or payment due under the Franchise Agreement is not paid on the date it is due, you must pay to us interest at the rate of the lesser of 12% per annum, or the maximum rate permitted by applicable law, from the date these amounts were originally due. If any request for information is not received by the due date, you must pay a Late Submission Fee of \$100 per violation.

8. **Audit Costs.** You must submit to us sales reports and financial statements and data files during the term of the Franchise Agreement. To verify the accuracy of the reports, you must permit us, or an authorized representative, to inspect or audit your books, records and tax returns at times we deem appropriate. If we audit you books and records because you fail to promptly or accurately enter your data into the field service software, you must pay us for any costs we incur with the audit.

9. **Convention Fee.** We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. ("Conventions"). You must attend one or more of our Conventions. We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for each Convention at the time of registration. This fee is not refundable and will be collected even if you do not attend any Convention(s). If you own and operate more than one Men In Kilts franchise, you will only be obligated to pay a single Convention registration fee for each Convention. You are responsible for all of your costs and expenses to attend the Convention.

10. **Customer Complaints.** If we feel that you did not fairly handle a customer complaint, we may intervene and satisfy the customer. You must reimburse us for all our costs associated with satisfying the customer.

11. **Software Licenses and Technical Support.** You must use the field service software, the financial management software, and any other software we designate for use in the operation of the Franchised Business. You must pay the then-current fee for the software and user licenses, as that fee is determined by our vendors. You must purchase at least one tenant account for the field services software if this is your first Franchised Business. You must sign the Field Service Software Terms attached to the Franchise Agreement as Exhibit B. We collect these fees on behalf of our supplier and you must pay what these suppliers charge.

We may also provide other services to you, some may be optional, and others may be required. For example, you must purchase from us, at our then current rates, call routing services to assist with customers or prospects who may be trying to reach you. You must purchase from us, at our then-current rates, Men In Kilts branded emails for use in the operation of your Franchised Business.

For any of these items that you are required to purchase you must begin paying the fees for these items when your Franchised Business begins operations, or at such other time as we may designate during the pre-opening preparation period.

12. **Services.** We are the sole supplier of website development and maintenance services you must use. You must purchase from us, via “TMS Connect”, website and business profile management support services. The monthly fee for “TMS Connect” is \$115 per month, per territory. You may also purchase search engine optimization services from us for \$305 per month, per territory.

13. **Increases.** We reserve the right to increase this fee or other amount periodically during the term of your Franchise Agreement. We will not increase this fee or other amount more than once per calendar year and we will not increase this fee or other amount by more than 10% of the then-current fee or other amount, except as discussed below. We may increase this fee or other amount for any reason, including increases in the costs we incur to provide these services, or cost increases imposed on us by suppliers or other third-parties. Adjustments are compounded annually and cumulative including increases in any given year of greater than 10% to adjust for prior years when no increase, or an increase of less than 10%, was implemented. We will provide 30 days notice of any change.

The annual adjustment cap discussed above is not applicable to any fee that is “optional”, meaning that it is charged by us or a third party for a service or product that you are not required to purchase or use under the terms of your Franchise Agreement. It also does not apply to fees or other charges where we or our affiliate are collecting fees or other amounts on behalf of third-party vendors.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee	\$38,000 (Note 1)	Lump Sum	At Signing of Franchise Agreement	Us
Travel and Living Expenses while Training	\$3,800 – 7,000 (Note 2)	As Incurred	During Training	Airlines, Hotels and Restaurants
Vehicle, Wrap and Upfit	\$8,500 – \$20,850 (Note 3)	As Incurred	As Incurred	Suppliers
Miscellaneous Opening Costs	\$4,000 - \$6,000 (Note 4)	As Incurred	As Incurred	Us, Suppliers and Governmental Agencies
Advertising – Initial 3 Months	\$18,300 (Note 5)	As Incurred	As Incurred	Suppliers
Real Estate	\$0 - \$7,200 (Note 6)	As Incurred	Prior to Opening	Landlord
Insurance	\$2,000 - \$12,000 (Note 7)	As Incurred	As Incurred	Supplier

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Additional Funds – 3 Months	\$24,000 - \$42,100 (Note 8)	As Incurred	As Incurred	Suppliers, Employees
<b>Total</b>	<b>\$98,600 - \$151,450</b> (Note 9)			

NOTES:

1. The Initial Franchise Fee is \$38,000. You will receive a territory in which to operate your Franchised Business with approximately 100,000 Qualified Households. For discounts and refunds of the Initial Franchise Fee see Item 5. Except as discussed in Item 5 for new franchisees in our Franchise Option Program, this fee is non-refundable.
2. There is no charge for up to two attendees at our Initial Training Program, one of which must be you or your Operating Principal if you are a business entity. If you have a General Manager, this person must also attend the Initial Training Program. This training consists of self-directed and instructor led programs that may be remote/virtual or on-site as we designate. These are your estimated expenses for one to two persons for travel/transportation, lodging/hotel and food/meals while attending on-site training.
3. You must acquire a vehicle that meets our specifications for use in the operation of the Franchised Business. All estimates above assume you have leased a Ford Transit High Roof with a 148-inch wheelbase, and that the vehicle is properly wrapped and equipped. We have also include estimated costs associated with the first three months of lease payments. You must purchase equipment for your vehicle, including water-fed poles, window cleaning supplies, gutter cleaning vacuums, water purification systems, ladders, tools and protective gear. The low estimate assumes you are leasing equipment, while the high estimate assumes you are purchasing equipment in full. Our estimates do not include the costs of fuel or vehicle maintenance. Your vehicle must be wrapped in our approved Men In Kilts branded wrap.
4. Includes computer, software, incorporation fees, etc. The cost of equipment you purchase will vary depending on the amount purchased by you, the supplier you choose, and the current economic condition in your area. Includes cost of the field service software and financial management software we designate for use in the operation of the Franchised Business. Also includes cost for our call routing services
5. This is an estimated cost for advertising during the first 3 months of operation, which includes our estimate for purchasing materials, our current required minimum monthly local advertising spend of \$3,000 and one-half of our required \$10,000 local advertising spend during the first 6 months.
6. We do not require you to have an office location for your Franchised Business. If you rent an office or commercial space, we anticipate that in most parts of the country, you will pay monthly rent of approximately \$11 to \$15 per square foot. You will generally be required to make a rent deposit (equal to 1 to 2 months of your base rent, plus a security deposit) and utility deposits. The low estimate assumes you operate from your home and the high estimate assumes you have rented a commercial space of approximately 1,000 square feet.
7. You must purchase and maintain insurance we require throughout the term of the Franchise Agreement.

The current minimum policy limits are as follows: (i) Broad Form Comprehensive General Liability insurance, \$500,000 combined single limit (bodily injury and property damage), including the broad form general liability endorsement. The insurance must cover damage to the personal property of others while it is in your care, custody, or control and for the loss to personal property of others resulting from workmanship; (ii) Automobile Liability insurance, \$1,000,000 combined single limit (bodily injury and property damage) including hired and non-owned automobiles; (iii) Workers' Compensation and Employer's Liability insurance, as well as other insurance as may be required by statute or rule of the state(s) in which the Franchised Business is located and operated; (iv) Third-Party Bonding \$25,000 per loss.

Your cost for the insurance will vary from state to state and within each state. We have estimated that your costs for insurance during the first three months of operating your Franchised Business will be between \$2,000 and \$12,000.

8. Includes payroll costs, insurance, professional fees, lease costs, equipment, subscriptions, vehicle costs and other common expenses.
9. Except for the Initial Franchise Fee, we do not offer financing. All costs, except for the Initial Franchise Fee and the minimum amount you must spend for local advertising, are estimates only. None of your expenses are refundable. These estimates are based on our managements' 26 years of experience, which includes our predecessor's experience, in the home services industry. You should review these estimates with an advisor before you make any decision to purchase a franchise.

## **ITEM 8**

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

#### **Required Purchases**

We may require you to purchase or lease goods, services or supplies from us, or from our affiliates, or from approved third-party suppliers or vendors. Except as disclosed in this Item 8, we do not require you to purchase or lease any goods, services or supplies from a restricted source of supply. Except for us, there are no approved suppliers in which any of our officers owns an interest.

You must use us to handle phone inquiries through our 1-800 customer service number and related call routing, and we are the sole supplier of these services. You must use the Men In Kilts branded email addresses of which we are the sole supplier in the operation of the Franchised Business. We are also the sole supplier of website development and maintenance services you must use, as well as website and business profile management support services. We do not intend to approve other suppliers for these services.

You must license our required Field Service Software and financial management software to service customers, track sales and provide reporting. We have approved third-party suppliers, unrelated to us, who provide the field service and financial management software. We consider these suppliers to be sole suppliers and do not intend to approve other suppliers for these services. We are also an approved supplier of search engine optimization services for your Franchised Business. You may use another supplier if we approve one to provide these services.

Except for the materials and services described above, there are currently no other goods, services or supplies for which we, or our affiliates, are approved suppliers or the only approved suppliers.

You must own or lease and use at least one vehicle in the operation of your Franchised Business. It must be of the specified and approved model and body style as described in our Manuals, or must otherwise be approved by us in writing. Your vehicle(s) must be identified with “Men In Kilts” decals and graphics. All paint and vehicle wraps, decals and graphics must conform to our specifications. Your vehicle(s) must, at all times, be maintained in good appearance and operating condition.

You must purchase and use insurance, computers, mobile phones, security systems, software, supplies, equipment, uniforms, marketing materials, advertising materials and internet services that meet our standards.

Except as disclosed above, you are not required to use any specific suppliers for goods or services; however, we reserve the right to require you to do so in the future. Although we do not provide our specifications without a request, if you request them for the items above we will provide them to you. We can modify the specifications at any time upon notice to our franchisees.

We may approve alternate suppliers for the goods, services and supplies for which we designate a supplier if you (a) request permission in writing and (b) the supplier can meet our criteria for approval. These criteria are not available to franchisees. We do not charge any fees to investigate an alternative supplier you would like to use. But you must provide us with all information we request about that supplier and its products or services. We will notify you within 30 days of our receipt of all information from you regarding whether we will approve the supplier. We can revoke our approval of a supplier at any time upon notice to our franchisees.

You can expect that the items you purchase to meet our specifications will represent 80% of the total purchases you will make to begin operations. Once you begin operating, we expect the items you purchase that must meet our specifications will represent approximately 80% of your total annual expenses.

### **Required and Approved Suppliers & Revenue from Franchisee Purchases**

We reserve the right at any time to designate a third party, ourselves, or one of our affiliates, as the only approved supplier, or one of several approved suppliers, of any products, services or other items. We do not intend to approve other suppliers for those items for which we have a sole supplier. If we or our affiliates sell any products or services to you, we intend to make a profit on those products or services. We may also receive revenue indirectly from your purchase or lease of items. For example, we may receive rebates, volume discounts, promotional incentives or other revenue arising from your purchase of products and services, whether these products and services are required to be purchased by you or are required to be purchased from a particular supplier, or otherwise. We will retain all of these amounts along with any amounts we receive from our sale of products or services to you. Except for us, none of our officers holds an ownership interest in any approved supplier.

We used to, but no longer, provide marketing and customer services through our National Sales Center. However, in our fiscal year ended December 31, 2024, we realized \$36,9109 in revenue from franchisee purchases of National Sales Center services which accounted for 11.7% of our total revenues of \$315,206. This information was taken from our internal financial records.

We are an approved supplier for email and call routing services. In our fiscal year ended December 31, 2024, we realized \$5,832 in revenue from franchisee purchases of email and call routing services which accounted for 1.8% of our total revenues of \$315,206. This information was taken from our internal financial records.

## Insurance Specifications

You must obtain and maintain insurance, the meets our minimum requirements, in addition to any other insurance that may be required by law. The minimum policy limits for these types of insurances are set forth as follows:

- (i) Broad Form Comprehensive General Liability insurance, in an amount of at least \$2,000,000 combined single limits (bodily injury and property damage), including the broad form general liability endorsement.
- (ii) Automobile Liability insurance, with liability coverage of at least \$2,000,000 combined single limits (bodily injury and property damage), including hired and non-owned automobiles.
- (iii) Third Party Bonding coverage with minimum limits of at least \$25,000 per loss.
- (iv) Employer's liability, workers' compensation insurance, and such other insurance as may be required by applicable law.

## Negotiated Prices

We may negotiate purchase arrangements with our approved suppliers on your behalf, including price terms.

## Material Benefits

We do not provide any material benefits to you based on your use of designated or approved sources. Except as disclosed above, neither we, nor our affiliates, receive any revenue or other material consideration from your required purchases or leases.

## **ITEM 9** **FRANCHISEE'S OBLIGATIONS**

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

Obligation		Section in Agreement	Disclosure Document Item
A.	Site selection and acquisition/lease	Sections 1(d), 3, 5(a) of Franchise Agreement	Item 7 and 11
B.	Pre-opening purchases/leases	Section 5 of Franchise Agreement	Items 6, 7 and 8
C.	Site development and other pre-opening requirements	Section 5 of Franchise Agreement	Items 6, 7, and 11
D.	Initial and ongoing training	Sections 4, 6, 12, 14 of Franchise Agreement	Items 5, 6, 7, 11, 15, and 17
E.	Opening	Section 5(a) of Franchise Agreement	Item 11
F.	Fees	Sections 2, 4, 5, 6, 7, 8, 13, 15, 20, 24, 25, 28 and 32 of Franchise Agreement, Sections 3 and 4 of Conversion Franchise Addendum	Items 5, 6, 8 and 11

<b>Obligation</b>		<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
G.	Compliance with standards and policies/operating Manual	Section 5 of Franchise Agreement	Item 11
H.	Trademarks and proprietary information	Section 11 of Franchise Agreement	Items 8, 13 and 14
I.	Restrictions on products/services offered	Section 5(f) of Franchise Agreement	Items 8 and 16
J.	Warranty and customer service requirements	Section 5(t) of Franchise Agreement	Item 8
K.	Territorial development and sales quotas	Section 3 of Franchise Agreement	Item 12
L.	Ongoing product/service purchases	Sections 4, 5 and 6 of Franchise Agreement	Item 8
M.	Maintenance, appearance and remodeling requirements	Section 5 of Franchise Agreement	Not Applicable
N.	Insurance	Section 10 of Franchise Agreement	Items 6, 7 and 8
O.	Advertising	Sections 6, 7 and 8 of the Franchise Agreement	Items 6, 7 and 11
P.	Indemnification	Sections 19, 25 and 26 of Franchise Agreement	Not Applicable
Q.	Owner's participation / management / staffing	Section 5 of Franchise Agreement	Items 11 and 15
R.	Records and reports	Section 9 of Franchise Agreement	Item 6
S.	Inspections and audits	Section 9 of Franchise Agreement	Items 6 and 11
T.	Transfer	Section 14 of Franchise Agreement	Item 17
U.	Renewal	Section 2 of Franchise Agreement	Item 17
V.	Post-termination obligations	Section 13 of Franchise Agreement	Item 6 and 17
W.	Non-competition	Section 20 of Franchise Agreement	Item 17
X.	Dispute resolution	Section 24 of Franchise Agreement	Item 17
Y.	Conversion Franchisee's Obligations	Sections 4 and 5 of Conversion Franchise Addendum	Items 11, 15, and 17
Z.	Extra Territorial Obligations	Section 6(b) of Franchise Agreement	Item 12
aa.	Guaranty of franchisee obligations	Sections 5 and 14 of Franchise Agreement, Exhibit D	Item 15
bb.	Spousal Non-Disclosure and Non-Competition Agreement	Section 22 of Franchise Agreement	Item 15 and Exhibit H

## **ITEM 10** **FINANCING**

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

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

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

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

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

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

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

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

## **ITEM 11**

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

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

#### **Pre-Opening Assistance**

Before you open your Franchised Business, we will:

1. Designate the Territory for your Franchised Business. (Franchise Agreement – Sections 1(a) and 3(d)).
2. At your request, provide input regarding the site of your Franchised Business location; however, you select the location, subject to our consent. (Franchise Agreement – Section 5(a)).
3. Provide to you in writing, or through our Manuals, or through other materials as we deem appropriate, our standards and specifications for certain items in your Franchised Business such as your insurance,

trademarked materials, vehicles and uniforms and products and services you must offer. All supplies and products for use in your Franchised Business must meet any quality standards and specifications set forth in our Manuals. (Franchise Agreement – Sections 5).

4. Provide your required attendees, as discussed below, our Initial Training Program. Franchise Agreement – Section 4(a)). We do not otherwise train your employees.
5. After training, provide you with access to our Manuals and Employee Training Materials (“Training Materials”). (Franchise Agreement – Sections 4 and 5).
6. Train you in our System by providing our Initial Training Program to you or your Operating Principal if you are entity and your General Manager if you have one. (Franchise Agreement – Section 4(a)). This is described in more detail below.
7. Perform certain website development and maintenance services for any Internet Presence we approve for your use. (Franchise Agreement – Section 8(h)).

### **Post-Opening Assistance**

During the operation of the Franchised Business, we will:

1. From time to time provide you with examples of advertising materials you may adapt for use in your Franchised Business. (Franchise Agreement – Section 8(d)).
2. Provide you with information about establishing and implementing administrative, bookkeeping, accounting and general operating procedures in the operation of the Franchised Business. (Franchise Agreement – Section 4). Except for National Accounts for which we set the prices, although we have the right to, we have no obligation to assist you in establishing prices, such as setting minimum and/or maximum prices at which you must sell products and services.
3. Be available during normal business hours to provide you with reasonable telephone and email support on operating issues concerning your Franchised Business. (Franchise Agreement – Section 4(e)).
4. Provide you with various examples of forms and templates you may customize for use in your Franchised Business. (Franchise Agreement – Section 4(g)).
5. Provide you with website and business profile management support services you must pay us for. (Franchise Agreement – Section 8(h)).
6. Provide you with call-routing services and handle phone inquiries from potential and existing customers of the Franchised Business that call our customer service number(s), so long as you pay us for these services. (Franchise Agreement – Section 8(k)).

### **Advertising Programs**

We have no obligation to conduct any advertising on your behalf or for the Men In Kilts franchise system.

### **Brand Fund**

We are currently collecting a monthly Brand Fund Fee. The Brand Fund Fee is 2% of your monthly Gross Consumer Sales. The Brand Fund Fee is non-refundable and is due at the time the Continuing Royalty is required to be paid. (For additional information, see Item 6 and Franchise Agreement – Sections 6(e), 6(f)).

Brand Fund Fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Men In Kilts brand. This means we may use monies in the Fund for any purpose that promotes the Men In Kilts name or any other names we choose to use in the Men In Kilts System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance including salaries and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section 8(c)).

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. The Brand Fund will prepare annual income and expense statements. Income and expense statements will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent for advertising and promotion. As our franchise system expands, we may create an advertising council. (Franchise Agreement – Section 8(c)).

All Men In Kilts franchisees must contribute to the Brand Fund based on the terms of their Franchise Agreement. Neither we nor our affiliates have any obligation to contribute to the Brand Fund for Men In Kilts businesses operated by us or our affiliates. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Men In Kilts franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Men In Kilts franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section 8(c)). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

During 2024 Brand Fund amounts were spent as follows: Marketing, Digital Marketing, Services and Promotions – 55%; Content Creation – 4%; Marketing Coaching and Training – 41%.

### Local Advertising

You may only use advertising and marketing in such media and such type and format as we have prescribed or approved. (Franchise Agreement, Section 7) You may not use any advertising or marketing plans or materials until you have received our approval, according to the procedures and terms described in the Franchise Agreement. You must use the Marks as we develop them and license them to you. You must obtain our written consent before using our Marks in any way, except for materials we provide to you or have previously approved (and not subsequently disapproved) in writing. You cannot use any mark that could be confused with our Marks. If we replace, add to or modify our Marks, you must update or replace

your signs, supplies, etc. to reflect the new Marks, in the time frame we provide at the time of such change. (Franchise Agreement – Section 8(b)).

You must develop and conduct, at your own expense, your own advertising programs at the local level. You must submit your marketing plan to us annually for review and approval, and we will meet with you quarterly to adjust your marketing plan based on the actual performance of the Franchised Business. You must purchase the pre-opening marketing package that we prescribe. You must spend a minimum monthly average of \$3,000, calculated on a rolling twelve-month basis, on local advertising in the first 36 months after the Franchised Business begins operations. Beginning with the 37th month after beginning operations and continuing to the end of the term of the Franchise Agreement, you must spend a minimum average of \$2,000 per month, calculated on a rolling twelve-month basis, on local advertising. This monthly spending is in addition to the payment of the Brand Fund Fee. (Franchise Agreement – Section 8(b)).

#### Advertising Council/Cooperatives

We currently do not have any advertising councils or cooperatives and have no plans to form any in the immediate future. However, if we form a cooperative, we can require you to participate. We will determine the area of the cooperative, but we intend that the cooperatives be market based. Any financial contribution you must make to a cooperative will offset any local advertising spend requirement. We will not make any financial contributions to a cooperative nor will any businesses owned by us or our affiliates. We will be responsible for administering the cooperatives. The cooperatives will operate from written governing documents. However, they will not prepare financial statements. We will have the power to form, change, dissolve or merge any cooperative.

#### **Confidential Manuals**

Upon request, we will provide you with access to our Manuals, which are available in a digital format, before you sign the Franchise Agreement. The Manuals are confidential and proprietary and may not be copied, downloaded, captured as an image or in any other way removed from our possession. (Franchise Agreement, Sections 4(f)).

#### **Computer Equipment, Software, Hardware, and Systems**

You must utilize the computer software and hardware that we designate, including field service software and financial management software. You will be responsible for all costs of purchasing, licensing, using or maintaining and upgrading any software or hardware that we require. You must use Men In Kilts branded email addresses in your Franchised Business. You can purchase these from us. See Item 6. You must subscribe to an Internet service provider or other electronic communication provider or service as we may require and otherwise meeting our standards and specifications. (Franchise Agreement – Section 5(h)).

Currently we do not require our franchisees to use any specific brand of computer hardware as long as it complies with the minimum computer hardware and software requirements below:

- Computer running an Apple or Windows Operating System, current enough to run common business applications and gain full access to the Internet with a full-featured browser (Chrome or Firefox required)
- Keyboard recommended for everyday use
- Laser Quality Printer

- Mouse or touch device recommended for everyday use
- Large Monitor recommended for everyday use (22”+)
- High Speed Internet Access
- QuickBooks Online, Qvinci or other approved current online accounting application.

We estimate the cost of the computer equipment and software to range between \$1,650 and \$3,300. We estimate the cost of annual updates and upgrades to range between \$275 and \$750.

Neither we, nor any affiliate nor any third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer systems.

You must upgrade and update your computer systems, including any technology systems, as we require. There are no contractual limitations on our right to require you to make any upgrades or updates to your computer systems. This includes any computer equipment, mobile devices, point-of-sale software, field service software, accounting software, payment processing software, security software, communications software and marketing software (Franchise Agreement, Sections 5(l) and 5(x)). All of your computer systems and other technology systems must meet our specifications and standards as they may change over time.

We will have independent access to all of your computer systems and all data and other information generated or stored in your computer systems, including in any software or other systems we require. This data will include financial information, accounting information, customer data, and any other data about your business, with the exception of employment records. There are no contractual limitations on our right to access any of these systems, this data and other information. (see Franchise Agreement Section 5(h)). You must provide us with any passwords or login ability necessary to access all this data.

### **Telephone Numbers and Directory Listings**

You must have the minimum number of local telephone numbers and telephone directory listings for your Franchised Business as we require. You must sign an authorization that grants us the right to change, transfer, or terminate your telephone listings on your behalf upon expiration, termination, repurchase, or transfer of your franchise. (Franchise Agreement – Section 5(k)).

### **Internet and Website Use**

We restrict, designate, and have the right to approve or control your electronic and social media activities, including what we refer to as an “Internet Presence”. You may not have an Internet Presence unless we approve it. This includes any domain name, website, online business profile, review and opinion page or site, social media or social networking site, or any other method of digital or electronic medium or method of communication. We alone may establish, maintain, modify, or discontinue all internet, worldwide web and electronic commerce activities pertaining to the Men In Kilts System. We may require that you utilize e-commerce products or services designated by us. You are prohibited from producing and or posting any website, web pages, web videos or anything on the web for use with the Franchised Business, unless specific written permission is given by us or it complies with all of our requirements. You must promote only the main corporate website (see Franchise Agreement – Section 8(k)). unless specific written permission is given by us. You must sign an authorization that grants us the right to change, transfer, or terminate your

email addresses, domain names and comparable electronic identities, on your behalf upon expiration, termination, repurchase, or transfer of your Franchised Business. (Franchise Agreement – Section 13(f)).

We will perform certain website development and maintenance services for any Internet Presence we approve for your use. We do not currently charge for these fees. But you must purchase from us website and business profile management support services and pay the fees we charge for these services by the method and at the times we require. The monthly fee for this service is currently \$115 per month, per territory. You may also use our search engine optimization services. The cost for this service is currently \$305 per month, per territory.

We may impose prohibitions on your posting or blogging of comments about us, your business, the System, or other franchisees. These prohibitions include personal blogs, common social networks like Facebook, Instagram, TikTok, X (formerly Twitter), Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like X and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools. (Franchise Agreement – Section 8(k)).

### **Location Selection**

We do not locate a site for you or negotiate the purchase or lease of a site. You will select the location for the office of your Franchised Business, subject to our consent. We will designate your Territory for your Franchised Business and attach it as Exhibit A to your Franchise Agreement. Your location must be located in this Territory. You must operate the Franchised Business only from the approved location within your Territory, or if we approve, from an adjacent and contiguous territory of another Franchised Business you own and operate, but only so long as we determine that operation from the location in the other territory will not impair your ability to service customers in the territory granted with this franchise. (Franchise Agreement - Section 3(c)). Factors we consider in determining whether to approve a location include the distance from your location to the edge of your territory. You must select your location and open the Franchised Business within 120 days of signing your Franchise Agreement. If you do not obtain our consent to a location or to open the Franchised Business at your selected location, in either event within this time period, we can terminate your Franchise Agreement and retain all amounts you paid to us and our affiliates. (Franchise Agreement – Section 3(c) and Section 12(a)(v)). We do not conform the premises to local ordinances and building codes or obtain any required permits for you.

### **Length of Time to Open the Franchised Business**

Our franchisees typically open for business 120 days after signing the Franchise Agreement. Factors that affect this time usually include, finding a location from which to operate the business, completion of the Initial Training Program, and normal business start-up considerations. If you fail to open your Franchised Business within 120 days after signing the Franchise Agreement, we can terminate the Franchise Agreement. (Franchise Agreement – Section 12(a)(v)). If we terminate your Franchise Agreement we can retain any fees or others amounts you or your affiliates paid to us.

### **The Initial Training Program and Other Training**

#### *Initial Training Program*

You, or your Operating Principal (if you are an entity), and your General Manager if you have one, must complete our Initial Training Program to our satisfaction, before you may open your Franchised Business. Our Initial Training Program is a self-paced program featuring a mix of telephone, video, virtual and in-person training. The in-person portion of the training will be held in your Territory, or another location

designated by us. Training is scheduled as needed. We do not charge for the Initial Training Program for two attendees. You must pay a per attendee fee of \$500 for any additional attendees. You are responsible for all costs and expenses incurred by you and your attendees for this training. We estimate the Initial Training Program will consist of approximately 200 hours, as described below. (Franchise Agreement – Section 4(a)). If, for any reason, any of your required attendees do not complete the Initial Training Program to our satisfaction within 120 days after you sign your Franchise Agreement, we can terminate your Franchise Agreement and retain all amounts you have paid to us. (Franchise Agreement – Section 4(a)).

*Initial Training Program – Self Study*

The Initial Training Program includes a self-paced program conducted via remote/digital means. We expect the Initial Training to take you 8-12 weeks to complete, but this could vary depending on how much time you can devote to training and how quickly you are able to absorb the materials. You will receive a Startup Checklist to guide you through the process. The checklist will require you to complete tasks on your own, as well as participating in training calls with members of our training team. The instructional materials used in the Initial Training Program include our confidential Operations Manual and the Men In Kilts Intranet. (Franchise Agreement – Section 4(a)). The Initial Training Program includes instruction in the following subject matters:

**INITIAL TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of Self-Led Training</b>	<b>Location</b>
Technical	0	55	Via Telephone, Intranet
Marketing	6.5	3	Via Telephone, Intranet
Operations	9.5	80	Via Telephone, Intranet
Software	8	2	Via Telephone, Intranet
<b>Total Hours</b>	<b>24</b>	<b>140</b>	

**ADDITIONAL VIRTUAL INSTRUCTOR LED TRAINING**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
<ul style="list-style-type: none"> <li>• Software Training 1</li> <li>• Software Training 1 Exercises</li> <li>• Software Exercises Review</li> <li>• OSHA &amp; Services Call</li> <li>• OSHA &amp; Services Exercises</li> <li>• 4 Core Services Overview Call</li> <li>• 4 Core Services Exercises</li> </ul>	6	0	Remote/Virtual
<ul style="list-style-type: none"> <li>• Hazard Assessment &amp; Ladder Safety Call</li> <li>• Onsite Quoting Theory Call</li> <li>• Onsite Quoting Theory Exercises</li> <li>• Software Training 2</li> <li>• Software Training 2 Exercises</li> </ul>	5.5	0	Remote/Virtual

<ul style="list-style-type: none"> <li>• Software Homework Review</li> <li>• Exercise Overview for Services, OSHA, &amp; Quoting</li> <li>• Training Week Setup in Software Training Week &amp; Evaluation Overview</li> </ul>	3	0	Via Video Call
<b>Total Hours:</b>	14.5	0	

### IN-PERSON TRAINING WEEK PROGRAM

Subject/Learning Objective	Hours of Classroom Training	Hours of On-the-Job Training	Location
<ul style="list-style-type: none"> <li>• Quoting/ Hazard Assessment</li> <li>• Exterior Window and Screen Cleaning</li> <li>• Little Giant Ladder Overview</li> <li>• Window Cleaning on Little Giant</li> <li>• Extension Ladder Overview w/ Inclinometer Overview</li> <li>• Window Cleaning on Extension Ladder</li> <li>• Gutter Cleaning</li> <li>• Wrap up &amp; Agenda Overview</li> </ul>	0	9	Your Territory or alternative
<ul style="list-style-type: none"> <li>• Teach Backs</li> <li>• Quoting/Hazard Assessment</li> <li>• Interior Window Cleaning By Hand</li> <li>• Pressure Washer Set Up</li> <li>• House Washing</li> <li>• Gutter Brightening</li> <li>• House Washing</li> <li>• Gutter Brightening</li> <li>• Exterior Window Cleaning</li> <li>• Wrap up &amp; Agenda Overview</li> </ul>	0	9	Your Territory or alternative
<ul style="list-style-type: none"> <li>• Teach Backs</li> <li>• Quoting &amp; Hazard Assessment</li> <li>• Pressure Washing Set Up</li> <li>• Pressure Washing by Surface Cleaner</li> <li>• Pressure Washing by Nozzle</li> <li>• Water Fed Pole</li> </ul>	0	9	Your Territory or alternative

<b>Subject/Learning Objective</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
<ul style="list-style-type: none"> <li>• Open for Review</li> <li>• Wrap up &amp; Agenda Overview</li> </ul>			
Evaluation <ul style="list-style-type: none"> <li>• Quoting &amp; Hazard Assessment</li> <li>• Gutter Cleaning</li> <li>• Review</li> <li>• House Washing</li> <li>• Window Cleaning Practice/ Service Review</li> <li>• House Washing</li> <li>• Window Cleaning Practice/ Service Review</li> <li>• Review</li> <li>• Gutter Brightening</li> <li>• Review &amp; Wrap Up</li> </ul>	0	9	Your Territory or alternative
Evaluation <ul style="list-style-type: none"> <li>• Quoting &amp; Hazard Assessment</li> <li>• Pressure Washing Regular</li> <li>• Pressure Washing Sensitive</li> <li>• Review</li> <li>• Window Cleaning</li> <li>• Window Cleaning</li> <li>• Water Fed Pole</li> <li>• Review</li> <li>• Wrap Up</li> </ul>	0	9	Your Territory or alternative
<b>Total Hours:</b>	0	45	

It is the nature of the Franchised Business that all aspects of training are integrated, that is, there are no definitive starting and stopping times. Time and content are subject to change without notice. You will be scheduled for your Initial Training Program by written notice. Cancellation policies will be included in the written notice of class schedules. The instructional material used in the Initial Training Program is our confidential Operations Manual and the Men In Kilts Intranet.

The primary instructor for our training is Christopher Murphy. Mr. Murphy has 7 years previous experience as a Men In Kilts franchise operator, and he has served as our primary field service technician since October 2019.

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

#### *Conferences and Training Sessions*

We, at our option, will conduct conventions or training sessions (Franchise Agreement – Section 4(d)). We may charge registration fees to subsidize the costs associated with performing these activities (see Item 6 for fees and costs). You may be required to attend the conventions or training sessions/programs. You must pay the registration fee for the conventions regardless of whether you attend. If you own and operate more than one Franchised Business, You will only be responsible for paying a single registration fee. You are solely responsible for paying all related expenses, including travel, transportation, food/meals, hotel/lodging and wages (with payment to be made at the time and upon the terms specified by each vendor)

while attending the conferences, conventions, and training sessions/programs. (Franchise Agreement – Section 4(b)). If we provide training on-site at your location for any reason, you will be responsible for our costs and expenses, including travel, hotel/lodging, meals and transportation, and we will charge you our then-current hourly rate, which is currently \$75 per hour for each of our personnel who provide the training.

#### *Additional Initial Training*

After your, or your Operating Principal's, successful completion of the Initial Training Program, you can designate additional persons to attend other sessions of the Initial Training Program held in conjunction with our Initial Training Program schedule for other Men In Kilts System franchise owners. You must pay us an Initial Training Fee of \$500 per person, before the Initial Training Program starts for each attendee. You are responsible for all costs and expenses incurred by you and your attendees for the Initial Training Program. (Franchise Agreement – Section 4(b)).

### **ITEM 12** **TERRITORY**

You will be awarded and may serve customers within a "Territory" which will be delineated by one or more of the following: zip codes; hard boundaries, such as streets, highways, rivers or other identifiable physical boundaries; or Census Tract. A Territory is a defined geographical area containing approximately 100,000 "Qualified Households" at the time of the grant of the Franchise. A Qualified Household is a household with gross annual income over \$100,000. Currently, the source of data we use to determine the number of "Qualified Households" within any Territory is census data and customer analytic profiling. We may change our demographics provider at our discretion. Before you sign the Franchise Agreement, you will be given a written description of your Territory, including your Qualified Household Number (see Exhibit A to the Franchise Agreement). We have the final say in any dispute about Territory.

You must operate the Franchised Business from only one location we approve within your Territory. You must receive our prior written approval before relocating or opening additional offices or relocating from this location.

We will not establish or license another to establish any other Men In Kilts franchised businesses that are physically located within your Territory while your Franchise Agreement is in effect and you are not in default. Except when advertising cooperatively with others (see Item 11), you may not advertise or solicit sales or accept orders within the territory of another Men In Kilts franchisee. You may not perform services for customers geographically located within another Men In Kilts franchisee's territory.

With our permission, which we may withdraw at any time, you may perform services for customers geographically located outside of your Territory, so long as the customer is not geographically located within a territory assigned to another franchisee or affiliate of ours, and you pay an additional royalty, currently 2.5% of your monthly Gross Consumer Sales, for such customers. While we do not recommend "out of Territory" marketing, if you have our permission to service outside the Territory, we do not restrict your use of other channels of distribution, such as the Internet, telemarketing, or other direct marketing, to make sales outside your Territory so long as the customer is not located in another franchisee's territory.

As long as you are in compliance with the terms and conditions of the Franchise Agreement, we will not alter your territorial rights described above; however, if you fail to satisfy the terms and conditions in the Franchise Agreement, we may develop the Men In Kilts System and business in your Territory. Your territorial rights are not dependent on achievement of a certain sales volume or market penetration or any other contingencies; however, you must pay us a minimum royalty as discussed in Item 6 and if you fail to meet the minimum required Gross Consumer Sales target in any 12 month period we can terminate your

Franchise Agreement. You retain the rights to your Territory even if the population in the Territory increases. Neither we nor an affiliate operate, franchise or have current plans to operate or franchise, a business under a different trademark that sells or will sell goods or services similar to those a Men In Kilts franchisee will sell.

### **Reserved Rights**

Among other things, we and our affiliates have the right to (a) establish or license franchises and/or company-owned window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services businesses offering similar or identical products and services, and using the Men In Kilts System or elements of the System: (i) under the Marks anywhere outside of the Territory or (ii) under names, symbols, or marks other than the Marks anywhere, including inside and outside of the Territory; (b) sell or offer, or license others to sell or offer, any products and services using the Marks or other marks through any similar and dissimilar channels of distribution, including, without limitation, through telephone, mail order, kiosk, retail, co-branded sites and sites located within other retail businesses, Intranet, Internet, web sites, wireless, email or other forms of e-commerce, for distribution inside and outside of the Territory; (c) advertise, or authorize others to advertise, using the Marks anywhere, including inside and outside of the Territory; and (d) acquire, be acquired by, or merge with other companies with existing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal businesses, and other related services anywhere (including inside or outside of the Territory) and, even if such businesses are located in the Territory, provided the other businesses continue to operate under another name. We will not compensate you for any of our activities, including soliciting or accepting orders in your Territory, even if they have an impact on your Franchised Business.

### **National Accounts**

We retain the right to approach and solicit customers within your territory, regardless of whether you currently provide services to them, to develop them as a national account (“National Account”). A National Account is a customer or group of customers or a potential customer that operates under common ownership or control, or under the same trademarks or service marks through independent franchisees, independent dealerships, or some other association as we may designate, and which operates in two or more locations that are not exclusively within the territory of one Men In Kilts franchisee.

We retain the exclusive right to negotiate National Accounts and set the contract terms, conditions, and prices. If you have a pre-existing relationship with a National Account location in your Territory and it is willing to allow it, you may continue to provide services to that location under the terms of its existing arrangement with you.

Unless we independently determine that you are unable to provide the services needed to maintain a specific National Account location in your Territory, we will notify you in writing of the opportunity to service that National Account location under the terms, conditions and prices that we and the National Account have contracted to. Within 10 days of this notice, you must notify us in writing whether or not you accept the duties, obligations and rights under the National Account contract and will render such services to the National Account location at the prices in the contract (these prices may be less than the prices normally charged by you to your customers). Your failure to timely respond to any notice will constitute your election not to service the National Account location in your Territory.

We may, directly or through our designee, service any National Account location in your Territory that you decline to service or that we independently determine you cannot adequately service.

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


Our ultimate majority owner is managed by The Riverside Company, which also manages the majority owner of Brothers Parsons Franchising LLC (“Brothers”). Brothers offers a franchise that provides gutter installation, maintenance, cleaning, repair, and related services and products under the “The Brothers that just do Gutters” mark. These products and services are similar to those offered by a Men In Kilts franchise. The ‘The Brothers that Just do Gutters’ locations may be company-owned or franchised. These locations may solicit and accept orders in your Territory. We will have the sole authority to resolve conflicts between you and us as they may relate to the Brothers Gutters franchise system. But we will not be involved in resolving conflicts between you and franchisees of the Brothers Gutters system or between you and the franchisor of that system. Brothers’ principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251.

**ITEM 13**  
**TRADEMARKS**

The principal Men In Kilts commercial symbol which we will license to you appears on the cover of this disclosure document.

You may also use any other current or future trademarks that we may designate to identify the Men In Kilts Franchised Business. By trademark, we mean trade names, trademarks, service marks, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and associated logos, designs, symbols, trade dress and other commercial symbols and logos used to identify your Franchised Business.

The following is a description of the principal trademarks registered, or pending registration as denoted in the chart below, on the Principal Register of the United States Patent and Trademark Office (USPTO), and which we will license to you:

Mark	Registration No.	Registration Date
MEN IN KILTS	3,964,130	May 24, 2011
NO PEEKING!	4,008,537	August 9, 2011
	3,969,430	May 31, 2011

Presently, there are no other effective determinations of the USPTO or of the trademark administrator of any state or court, of any pending interference, opposition, or cancellation proceedings involving any of the above referenced trademarks. Nor are there any pending proceedings of material federal or state litigation involving these trademarks and their use. All registrations have been renewed on a timely basis and all appropriate maintenance affidavits have been filed with the USPTO. We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal trademarks discussed above.

You must notify us immediately when you learn about an infringement of, or challenge to your use of, our trademarks. We have no obligation to protect your right to use any of our trademarks or to protect you against claims of infringement or unfair competition arising out of use of the trademarks. You must notify us of the use of, or claims of rights to, a trademark that is identical to or confusingly similar to our trademarks. If you notify us, we have no obligation under the Franchise Agreement to take any action, but

we may. We, not you, have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you. If we elect to control the defense and settlement of a claim we will indemnify you against all damages you are held liable in the proceeding as long as you cooperate fully with us in the defense of the proceeding. But we will not indemnify or reimburse you if we have elected not to assume or control the defense and settlement of the claim, or if the claim against you arises out your use of the trademarks in violation of the Franchise Agreement.

You must modify or discontinue the use of a trademark if we modify or discontinue it. You have no right to any compensation from us or other remedies against us in the event of modification or discontinuation of the trademarks. You must not directly or indirectly contest our right to our trademarks, trade secrets or business techniques that are part of our business.

We do not know of any infringing uses that could materially affect your use of our trademarks. However, we cannot prevent anyone who began using the name “Men In Kilts” before our use of it from continuing their use of that name in the area of prior use. The name “Men In Kilts” may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You are responsible for finding out whether the name “Men In Kilts” is already being used in the Territory.

#### **ITEM 14**

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

We have no patents nor patent applications pending that are material to a Men In Kilts franchise.

We claim trade secret and copyright protection for our Manuals, licensed proprietary software, information contained on our Website, and other printed and advertising material contained in the Men In Kilts System. These copyrights have not been registered with the United States Registrar of Copyrights. We grant you the rights to use these items for the term of the Franchise Agreement.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the materials we claim copyright protection in. Nor are there any agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, there are no infringing uses actually known to us which could materially affect a franchisee’s use of the copyrighted materials in any state. We are not required by any agreement to protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the Men In Kilts System.

We claim trade secret and copyright protection for our manuals, forms, training materials, advertising materials, trademarks, trade names, service marks, trade dress, financial information, our trade secrets and other proprietary and confidential materials whether or not marked or designated as confidential, along with all of the information related to or which otherwise makes up our System. We consider all of this information as it may be improved or modified from time to time, to be our “Confidential Information”.

You may not use our Confidential Information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. For example, you may not use our Confidential Information, any of our trademarks, any part of our system or any of our manuals or their content, for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without our express written consent. You may not, without our prior written consent, input any of our Confidential Information, any of the Marks, any part of our system or the manuals, or any of their content, into any generative AI platform, or disclose this information to any provider or source of generative AI services. You must opt out of allowing any

provider or source of generative AI to utilize any of the foregoing for training of any AI model or for other purposes.

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

You, or your Operating Principal if you are a business entity, must directly supervise your Men In Kilts Franchised Business at all times. You must maintain business times and hours as we may specify in the Operations Manual. You or your Operating Principal must successfully complete our training program and, after completion of the training, must devote full-time energy and best efforts to the operation of the Franchised Business. You, or your Operating Principal, must perform the tasks of management full-time within your Franchised Business. Any General Manager must be approved by us and successfully complete our Initial Training Program before undertaking management of the Franchised Business. This person is not required to have an equity interest in the franchise. You must inform us of any changes in the management of your Franchised Business. Your Operating Principal must be approved by us and must own a majority interest in your Franchised Business.

You will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of your employees in writing, in a form approved by us in advance, that we are not a “joint employer” of your employees and you acknowledge that we do not control your personnel policies.

We grant franchises to individuals and newly organized business entities that only operate the Men In Kilts Franchised Business. If you purchase the Franchised Business as an individual with our prior written permission, the Franchise Agreement may be assigned to a business entity that only operates the Men In Kilts Franchised Business, and only if the business entity is newly organized by you and you own all of the equity and control all voting rights and powers of the business entity. An assignment is made by executing an assignment agreement in a form approved by us in which you, individually, and the business entity agree to be bound jointly and severally by all the provisions of the Franchise Agreement and agree to provide information and documentation concerning the formation of the business entity, its articles, bylaws, operating agreements, resolutions, stockholders, members, partners, directors and officers as applicable to us. Further, all issued and outstanding ownership documents of this business entity must bear a legend stating that they are bound by the terms of the Franchise Agreement. Even if the franchise is assigned to a business entity, you or the Operating Principal, must continue to participate in the day-to-day operation of the Franchise and you, individually, must personally guaranty the Franchisee’s obligations to us (see Guaranty Agreement attached to the Franchise Agreement). We do not require your spouse or domestic partner to sign the Franchise Agreement or Guaranty Agreement, but we do require that your spouse or domestic partner sign the Spousal Non-Disclosure and Non-Competition Agreement, attached as Exhibit H to this disclosure document.

**ITEM 16**  
**RESTRICTIONS ON SERVICES OFFERED BY FRANCHISE**

You must offer and provide all the products and services we require. You may not offer or provide any products and services not authorized by us. You are specifically limited to providing approved products and services to customers who are located in your Territory, unless we otherwise agree. If you are servicing a customer outside of your Territory and we grant a franchise to another with a Territory that includes this customer, you must cease servicing the customer and inform the other franchisee whose new Territory

includes this customer of the service and needs of this customer to allow the new franchisee to properly and timely service this customer. You must cease service to this customer, and you will receive no compensation for your loss.

We may add additional products and services you must offer and can withdraw any products or services we authorize you to provide. You may not use the Men In Kilts System or our network of franchisees for any purpose not specifically authorized by us.

**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	Section 2(a)	7 years.
B.	Renewal or extension of the term	Section 2(b),(c),(d)	If you meet the renewal conditions, we may agree to renew your franchise one time for a term equal to the then-current term we are granting for new Men In Kilts franchises at that time.
C.	Requirements for Franchisee to renew or extend	Section 2(d)	Timely written notice of election to renew, no default under current agreements, sign our then-current franchise agreement (including the then-current form of Renewal Amendment, which includes a general release, the current form of which is attached as Exhibit I to the Franchise Agreement), which may contain materially different terms and conditions than your original Agreement, including royalties, pay renewal fee.
D.	Termination by Franchisee	None	You can terminate the Franchise Agreement under any grounds permitted by applicable state law.
E.	Termination by Franchisor without cause	Section 6 - Multi-Territory Development Addendum	If you have not begun operations under the Franchise Agreement, we can terminate it if we terminate another of your Franchise Agreements under a Multi-Territory Development Addendum. Otherwise, no termination without cause.
F.	Termination by Franchisor (with cause)	Section 12(a)	We can terminate only if you default under the Franchise Agreement (subject to local state law).
G.	“Cause” defined – defaults which can be cured	Sections 12(a)(ii), (viii), (xvii), (xviii)	Upon written notice from us of noncompliance, you have 10 days to cure breach of certain terms of the Franchise Agreement.
H.	“Cause” defined – defaults non-curable defaults	Sections 12(a)(i), (iii) – (xvi)	Non-curable defaults; failure to obtain our approval of the location of your Franchised Business or failure to commence operation, in either case, within 120 days from the date of signing the Franchise Agreement or failure to

Provision		Section in Franchise Agreement	Summary
		Section 7 - Multi-Territory Development Addendum	<p>successfully complete initial training within 120 days of signing the Franchise Agreement, conviction of felony, conduct business in the territory of another franchisee, repeated defaults even if cured, insolvency, failure to report, abandonment, trademark misuse and unapproved transfers, default by you under any other agreement with us where the default would have permitted us to terminate that Agreement, failure to comply with any law, failure to meet the minimum required Gross Consumer Sales target for a period of six months; withhold our access to accounting and financial systems or data, revokes any electronic-funds transfer authorization, initiate any stop payment against us.</p> <p>If Franchise Agreement includes a Multi-Territory Development Addendum and we terminate the Franchise Agreement because you miss the development deadline or for any other reason after you commence operations, we can also terminate all other Franchise Agreements where operations have not been commenced.</p>
I.	Franchisee's obligation on termination/non-renewal	Section 13	Obligations include complete de-identification, including removal of marks from any signage or other advertising, cancellation or transfer of business registrations and e-names, payments of amounts due, return of all materials, cancel all registrations and delivery of all customer information (also see R below).
J.	Assignment of contract by Franchisor	Section 16	No restriction on our right to sell or assign the Franchise Agreement in whole or part. However, no assignment will be made by us, except to an Assignee who, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.
K	"Transfer" by Franchisee -defined	Section 14	Includes transfer or assignment of the Franchise Agreement, the franchise, the Franchised Business, or any part.
L.	Franchisor's approval of transfer by Franchisee	Section 14(a)	We must approve all transfers, but will not unreasonably withhold approval, if conditions are satisfied.
M.	Conditions for Franchisor's approval of transfer	Section 14(d)	New franchisee must qualify, pay transfer fee, purchase agreement approved, training arranged unless we waive it, new franchisee and you sign then-current Conditional Consent to Transfer Form, which includes a general release, the current form of which is attached as Exhibit I to this Disclosure Document, and current form of franchise agreement and ancillary documents signed by new franchisee (also see R below).
N.	Franchisor's right of first refusal to acquire your business	Section 14(b)	We can match any offer for your Franchised Business.

Provision		Section in Franchise Agreement	Summary
O.	Franchisor's option to purchase your assets	Section 15	Upon termination or expiration, we have option to purchase assets of the Franchised Business at net depreciated book value. We have 30 days to exercise our option.
P.	Death or disability of Franchisee	Section 18	Your heirs can apply to us to continue operation of the Franchised Business, or sell your interest in the Franchised Business within 180 days of your death or incapacity. In this case, we can operate the Franchised Business and you must pay us.
Q.	Non-competition covenants during the term of the Franchise	Section 20	Without our prior approval, no involvement in a window or gutter cleaning business or a business selling products or services similar to those your Franchised Business sold or in any business anywhere that offers or sells products or services offered by franchises franchised by any of our affiliates (subject to state law).
R.	Non-competition covenants after the franchise is terminated or expires	Sections 13(b), 20 and 23	No involvement in a competing business for 18 months in your former Territory, including from the office of the Franchised Business, or in any immediately adjacent and contiguous territory of any Men In Kilts franchisee. (Subject to state law). We consider a competing business to be any business or other venture that provides window or gutter cleaning services or a business selling products or services similar to those offered by your Franchised Business.
S.	Modification of the franchise agreement	Section 17 and 34	No modification of the Franchise Agreement unless you and we agree in writing. We may modify the Manuals and any parts of the System if necessary.
T.	Integration/merger clause	Section 34	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). No other promises are enforceable. However, nothing in the Franchise Agreement or in any related document is intended to disclaim our representations made in this disclosure document.
U.	Dispute resolution by arbitration or mediation	Section 24	Except for certain claims, all disputes must first be submitted to mediation. If the mediation is unsuccessful, all continuing disputes must be arbitrated before the American Arbitration Association closest to our principal office. (Subject to state law)
V.	Choice of forum	Section 24	Litigation must be in the state or federal courts located in the state of our principal office. (Subject to state law)
W.	Choice of law	Section 24	Massachusetts law applies. (Subject to state law)

**ITEM 18**  
**PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATIONS**

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

The charts below provide certain historical Gross Consumer Sales information for Men In Kilts franchises located in the United States and Canada that were open and operating as of December 31, 2024 and who operated for at least 6 months of 2024.

As of December 31, 2024, there were 12 Men In Kilts franchises operating 23 Territories in the Men In Kilts U.S. franchise system and 12 Men In Kilts franchises operating 15 Territories in the Men In Kilts Canada franchise system. All of these franchises were operating in their territories for at least 6 months of 2024. Of the 12 Men In Kilts Canada franchises, 2 franchises operating 5 territories are owned and operated by our Brand Leader disclosed in Item 2. We have included the results of those franchises in the results of the Canadian franchises as disclosed below.

With respect to the Men In Kilts US franchise system, the numbers above exclude one franchise that permanently closed in 2024. This franchise was open for more than 12 months before closing. With respect to the Men In Kilts Canada franchise system, the numbers above exclude one franchise operating two territories that permanently closed in 2024. This franchise was open for 12 months before closing. Otherwise, we have included all franchises operating in each of the franchise systems as all franchises operated for more than 6 months in 2024.

The first of the Men In Kilts U.S. franchises was opened as a franchise in 2020 and the most recent was opened in 2022. The first of the Men In Kilts Canada franchises was opened as a franchise in 2011 and the most recent was opened in 2022.

This Item 19 is broken into 3 sections. Section A provides certain Gross Consumer Sales information for the 12-month period ended December 31, 2024 of the 12 Men In Kilts U.S. franchises as a group and then by franchise. Section B provides Gross Consumer Sales information for the 14 Men In Kilts Canada franchises as a group, including the 2 owned by the individual disclosed in Item 2. Section C provides this same Gross Consumer Sales Information (excluding the 2 franchises owned by the individual disclosed in Item 2) for those Canada franchises referred to in Section B that had been open and operating as MaidPro franchises for less than 10 years, and those that had been open and operating for more than 10 years, all as of December 31, 2024. This section also provides Gross Consumer Sales information for the 2 franchises owned by the individual disclosed in item 2.

**2024 GROSS CONSUMER SALES INFORMATION**

**UNITED STATES FRANCHISES**

**SECTION A - TOTAL GROSS CONSUMER SALES**

<b>US Franchise</b>	<b>Average Gross Consumer Sales</b>	<b>Median Gross Consumer Sales</b>	<b>#/% of Franchises Equal to or Above Average Gross Consumer Sales</b>	<b>Highest and Lowest Gross Consumer Sales</b>
12	\$185,097	\$397,548	4/33%	\$480,057/ \$56,064

**GROSS CONSUMER SALES BY FRANCHISE**

<b>Franchise</b>	<b>Gross Consumer Sales</b>	<b>Territories</b>
Franchise No. 1	\$480,057	1
Franchise No. 2	\$464,439	3
Franchise No. 3	\$226,131	2
Franchise No. 4	\$196,265	1
Franchise No. 5	\$177,542	4
Franchise No. 6	\$176,210	1
Franchise No. 7	\$127,717	4
Franchise No. 8	\$93,996	1
Franchise No. 9	\$90,909	2
Franchise No. 10	\$70,102	1
Franchise No. 11	\$61,729	2
Franchise No. 12	\$56,064	1

**CANADIAN FRANCHISES**

**SECTION B – TOTAL GROSS CONSUMER SALES**

<b>Franchises<sup>1</sup></b>	<b>Average Gross Consumer Sales</b>	<b>Median Gross Consumer Sales</b>	<b>#/% of Franchises Equal to or Above Average Gross Consumer Sales</b>	<b>Highest and Lowest Gross Consumer Sales</b>
14	\$801,783	\$598,211	5 / 36%	\$3,017,888 / \$100,219

1. As discussed above, we have included 2 franchises operating 5 territories that are owned and operated by our Brand Leader disclosed Item 2. The Gross Consumer Sales information for these 2 franchises can be found in the last chart to Section C and are referred to as the “Owned Outlets”.

**SECTION C - GROSS CONSUMER SALES – FRANCHISES OPEN LESS THAN 10 YEARS**

<b>Year Opened</b>	<b>Gross Consumer Sales</b>	<b>Territories</b>
2017	\$1,334,287	1
2017	\$746,210	1
2016	\$616,099	1
2020	\$580,323	1
2022	\$364,596	4
2017	\$314,852	1
2016	\$288,536	1
2015	\$233,792	1
Average Gross Consumer Sales:		
\$559,837		
#/% of Franchises that Met or Exceed Average:		
4 / 50%		
High/Low Gross Consumer Sales:		
\$1,334,287 / \$233,792		
Median Gross Consumer Sales:		
\$472,459		

**2024 GROSS CONSUMER SALES – FRANCHISES OPEN MORE THAN 10 YEARS**

<b>Year Opened</b>	<b>Gross Consumer Sales</b>	<b>Territories</b>
2012*	\$3,017,888	1
2014	\$1,162,585	1
2013	\$821,081	1
2011	\$100,219	1
Average Gross Consumer Sales: \$1,275,443		
#/% of Franchises that Met or Exceed Average: 1 / 25%		
High/Low: \$3,017,888 / \$100,219		
Median Gross Consumer Sales: \$991,833		

\*This franchise was converted to a Men In Kilts franchise in 2012. It had been in operation since 1992.

**2024 GROSS CONSUMER SALES – OWNED OUTLETS**

<b>Year Opened</b>	<b>Gross Consumer Sales</b>	<b>Territories</b>
2011*	\$1,258,624	4
2017	\$385,876	1
Average Gross Consumer Sales: \$822,250		
#/% of Franchises that Met or Exceed Average: 1 / 50%		
High/Low: \$1,258,624 / \$385,876		
Median Gross Consumer Sales: \$822,250		

\*This franchise was converted to a Men In Kilts franchise in 2011. It had been in operation since 2002.

## **NOTES TO THIS ITEM 19**

1. US franchise Gross Consumer Sales are stated in US Dollars.
2. Gross Consumer Sales of the Men In Kilts Canada franchises are stated in Canadian Dollars.
3. The dollar amounts shown in the charts above have been rounded to the nearest dollar and percentages to the nearest whole percent.
4. Both the US franchises and the Canada franchises provided substantially similar products and services which are the same as the products and services you will be providing in your Franchised Business.
5. The Gross Consumer Sales information in this Item 19 was provided by the US franchises. The information regarding the Canadian franchises was provided by Men In Kilts Canada Inc., our affiliate and the franchisor of the Men In Kilts brand in Canada.
6. Franchises operating in more than one territory do not separate their revenue among territories when reporting it to us so it is combined in the charts above.

**Some US and Canadian Men In Kilts Franchises have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.**

Written substantiation for the financial performance representations in this Item 19 will be made available to you in writing, upon reasonable request.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kelli Schroeder, 77 North Washington Street, Boston, MA 02114, (617) 997-4729, the Federal Trade Commission, and the appropriate state regulatory agencies.

## **ITEM 20** **OUTLETS AND FRANCHISEE INFORMATION**

All of the information in the tables below is as of December 31 of the applicable year.

The tables below contain information for both the Men In Kilts US franchise system and the Men In Kilts Canada franchise system. As discussed in Item 1 and 19, the Canadian franchise system is owned and operated by our affiliate Men In Kilts Canada Inc. and the information below regarding the Canadian franchise system was provided by our affiliate. All of the information contained in the tables below is denoted as U.S. when referring to the U.S. franchises and franchise system and as CN when referring to the Canadian franchises and franchise system. We believe that the businesses operated by franchises in each

of the systems are substantially similar, as they offer the same products and services, use the same system of operation and are operated under the same trade and service marks.

**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2022 to 2024**

(Column 1) Outlet Type	(Column 2) Year	(Column 3) Outlets at the Start of the Year	(Column 4) Outlets at the End of the Year	(Column 5) Net Change
Franchised - US	2022	10	18	+8
	2023	18	20	+2
	2024	20	23	+3
Franchised - CN	2022	23	21	-2
	2023	21	22	+1
	2024	22	20	-2
Company-Owned - US	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned - CN	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	33	39	+6
	2023	39	42	+3
	2024	42	43	+1

**Table No. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR) FOR YEARS 2022 to 2024**

(Column 1) State / Province	(Column 2) Year	(Column 3) Number Of Transfers
All States/Provinces	2022	0
	2023	0
	2024	0

**Table No. 3  
STATUS OF FRANCHISED OUTLETS FOR YEARS 2022 to 2024**

(Col. 1) State / Province	(Col.2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations – Other Reasons	(Col. 9) Outlets at End of Year
AL	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
CO	2022	2	1	0	0	0	0	3
	2023	3	3	0	0	0	0	6
	2024	6	3	0	0	0	0	9

(Col. 1) State / Province	(Col.2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Terminations	(Col. 6) Non- Renewals	(Col. 7) Reacquired by Franchisor	(Col. 8) Ceased Operations – Other Reasons	(Col. 9) Outlets at End of Year
FL	2022	0	3	1	0	0	0	2
	2023	2	2	0	0	0	0	4
	2024	4	0	1	0	0	0	3
KY	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
MA	2022	2	0	0	0	0	0	2
	2023	2	0	2	0	0	0	0
	2024	0	0	0	0	0	0	0
NC	2022	1	0	0	0	0	0	1
	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
NY	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
OH	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
PA	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
TN	2022	1	1	0	0	0	0	2
	2023	2	1	0	0	0	0	3
	2024	3	1	0	0	0	0	4
TX	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
VA	2022	0	3	0	0	0	0	3
	2023	3	0	2	0	0	0	1
	2024	1	0	0	0	0	0	1
AB	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
BC	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
ON	2022	9	0	0	2	0	0	7
	2023	7	1	0	0	0	0	8
	2024	8	0	0	0	0	2	6
SK	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
<b>Totals</b>	2022	33	10	2	0	0	2	39
	2023	39	8	5	0	0	0	42
	2024	42	4	1	0	0	2	43

**Table No. 4**  
**STATUS OF COMPANY OWNED OUTLETS FOR YEARS 2022 to 2024**

(Col. 1) State / Province	(Col. 2) Year	(Col. 3) Outlets at Start of Year	(Col. 4) Outlets Opened	(Col. 5) Outlets Reacquired From Franchisees	(Col. 6) Outlets Closed	(Col. 7) Outlets Sold to Franchisees	(Col. 8) Outlets at End of Year
<b>All States</b>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
<b>All Provinces</b>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
<b>Totals</b>	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

**Table No. 5**  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2024**

(Column 1) State / Province**	(Column 2) Franchise Agreements Signed But Outlet Not Opened	(Column 3) Projected New Franchised Outlet in Next Fiscal Year	(Column 4) Projected New Company- Owned Outlets in the Next Fiscal Year
CA	0	1	0
FL	0	1	0
TN	1	0	0
<b>Totals</b>	1	2	0

The names of franchisees (both U.S. and Canada) as of December 31, 2024 and the addresses and telephone numbers of their units are listed in Exhibit F.

The name and last known city, state and telephone number of every franchisee who had a unit terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the disclosure document issuance date, are listed in Exhibit F. We have included both U.S. and Canadian franchises on this Exhibit. There are 3 franchisees on this list (2 in the U.S. and 1 in Canada).

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

We have not created, sponsored or endorsed any trademark-specific franchisee organization nor have any independent franchisee organizations asked to be included in this disclosure document. We are not aware of any trademark-specific franchisee organizations associated with our franchise system.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Included as Exhibit B are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, for the years ended December 31, 2024 and 2023 and 2022. We have also included the unaudited Balance Sheet and Income Statement of HS Group Holding Company, LLC, as of, and for the period ended, March 31, 2025. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement (see Exhibit B).

**ITEM 22**  
**CONTRACTS**

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

- Exhibit C – Form Franchise Agreement, including Acknowledgments with Exhibits
  - Exhibit A – Territory
  - Exhibit B – Field Service Software Term
  - Exhibit C – Franchise Compliance Questionnaire
  - Exhibit D – Guaranty Agreement
  - Exhibit E – Telephone Listing Agreement
  - Exhibit F – Electronic Funds Transfer Authorization
  - Exhibit G – Franchise Option Amendment
  - Exhibit H – Promissory Note
  - Exhibit I – Renewal Amendment
  - Exhibit J – Novation Agreement
  - Exhibit K – Multi-Territory Development Agreement
- Exhibit E – Form of Mutual Termination and General Release Agreement
- Exhibit G – Conversion Franchise Addendum
- Exhibit H – Spousal Non-Disclosure and Non-Competition Agreement
- Exhibit I – Conditional Consent to Transfer Agreement

**ITEM 23**  
**RECEIPTS**

See the last two pages of this Disclosure Document for detachable documents (one for retention by you and one for us) acknowledging receipt of the Disclosure Document by you.

**EXHIBIT A**

**MEN IN KILTS US, LLC**

**LIST OF STATE AGENCIES/AGENTS**

**FOR SERVICE OF PROCESS**

Our registered agent in the State of Massachusetts:

CT Corporation  
155 Federal Street  
Suite 700  
Boston, MA 02110

STATE	AGENCY	PROCESS, IF DIFFERENT
California	Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 866-275-2677 (toll free)	Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013
Hawaii	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, HI 96813 808-586-2722	
Illinois	Office of Attorney General Consumer Protection and Franchise Division 500 South Second Street Springfield, IL 62706 217-782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State, Room E-111 302 W. Washington Street Indianapolis, IN 46204 371-232-6681	Indiana Secretary of State 200 West Washington Street Indianapolis, Indiana 46204
Maryland	Office of Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2021 410-576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore Maryland 21202-2021
Michigan	Consumer Protection Division Antitrust and Franchise Unit Michigan Dept of Attorney General 670 G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48909 517-373-7117	
Minnesota	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 651-539-1500	

STATE	AGENCY	PROCESS, IF DIFFERENT
New York	New York State Dept of Law Bureau of Investor Protection and Securities 28 Liberty St., 21 <sup>st</sup> Fl. New York, NY 10005 212-416-8222	Secretary of State State of New York One Commerce Plaza 99 Washington Avenue Albany, New York 12231-0001
North Dakota	North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510 701-328-2910	North Dakota Securities Department Securities Commissioner 600 East Boulevard Avenue State Capitol, Fourteenth Floor, Dept 414 Bismarck, ND 58505-0510
Oregon	Dept. of Consumer and Business Services 350 Winter St NE, 2 <sup>nd</sup> floor Salem, OR 97301	
Rhode Island	Division of Securities Department of Business Regulations Bldg. 69, 1 <sup>st</sup> Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	
South Dakota	Department of Labor and Regulation Director of Division of Insurance Securities Regulation 124 S Euclid, Suite 104 Pierre, SD 57501 605-773-3563	
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051	Clerk State Corporation Commission 1300 East Main Street Richmond, VA 23219
Washington	Washington Dept. of Financial Institutions Securities Division PO Box 41200 Olympia, WA 98504-1200 360-902-8760	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Wisconsin Dept. of Financial Institutions Division of Securities Administrator of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 608-266-8557	

**EXHIBIT B**

**FINANCIAL STATEMENTS/PARENT GUARANTEE**

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# HS Group Holding Company, LLC and Subsidiaries

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**Consolidated Financial Report**  
**December 31, 2024**

<b>Independent Auditor's Report</b>	1-2
<b>Consolidated Financial Statements</b>	
Balance Sheet	3
Statement of Operations and Comprehensive Income	4
Statement of Members' Equity	5
Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-15

## Independent Auditor's Report

To the Board of Directors  
HS Group Holding Company, LLC and Subsidiaries

### **Opinion**

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheet as of December 31, 2024 and the related consolidated statements of operations and comprehensive income, members' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and the results of its operations and its cash flows for the year 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 Consolidated Financial Statements* section of our report. We are required to be independent of the Company and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Emphasis of Matter**

As discussed in Note 9 to the consolidated financial statements, members' equity as of January 1, 2024 has been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that 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.

To the Board of Directors  
HS Group Holding Company, LLC and Subsidiaries

In performing an audit in accordance with GAAS, we:

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

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

*Plante & Moran, PLLC*

April 3, 2025

## HS Group Holding Company, LLC and Subsidiaries

# Consolidated Balance Sheet

December 31, 2024

<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 4,973,924
Accounts receivable:	
Trade - Net of allowance for credit losses	4,622,137
Unbilled	2,384,114
Other	12,786
Inventory	349,518
Prepaid expenses and other current assets:	
Prepaid expenses	763,549
Deferred broker and commission costs	831,913
Other current assets	81,861
Total current assets	14,019,802
<b>Property and Equipment - Net (Note 4)</b>	1,495,493
<b>Operating Lease Right-of-use Assets - Net (Note 7)</b>	2,886,019
<b>Goodwill - Net (Note 5)</b>	53,613,567
<b>Intangible Assets - Net (Note 5)</b>	26,034,323
<b>Deferred Commission Costs - Net of current portion</b>	3,210,287
<b>Other Assets</b>	182,893
Total assets	<b><u>\$ 101,442,384</u></b>
<b>Liabilities and Members' Equity</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 2,133,975
Current portion of long-term debt (Note 6)	30,434,803
Current portion of operating lease liabilities (Note 7)	1,237,822
Deferred franchise fees	1,717,585
Accrued compensation and other current liabilities	1,722,910
Total current liabilities	37,247,095
<b>Operating Lease Liabilities - Net of current portion (Note 7)</b>	1,704,010
<b>Deferred Franchise Fees - Net of current portion</b>	6,040,806
Total liabilities	44,991,911
<b>Members' Equity</b>	56,450,473
Total liabilities and members' equity	<b><u>\$ 101,442,384</u></b>

## HS Group Holding Company, LLC and Subsidiaries

# Consolidated Statement of Operations and Comprehensive Income

Year Ended December 31, 2024

<b>Recurring Revenue</b>	\$ 46,645,188
<b>Franchise Fee Revenue</b>	<u>2,364,383</u>
Total revenue	49,009,571
<b>Operating Expenses</b>	<u>59,247,865</u>
<b>Operating Loss</b>	(10,238,294)
<b>Nonoperating Expense</b>	
Other expense	(37,461)
Interest expense	<u>(3,522,490)</u>
Total nonoperating expense	<u>(3,559,951)</u>
<b>Loss from Continuing Operations</b>	(13,798,245)
<b>Gain from Discontinued Operations</b> (including gain on disposal of \$908,222)	<u>789,142</u>
<b>Consolidated Net Loss</b>	(13,009,103)
<b>Other Comprehensive Income</b> - Foreign currency translation	<u>107,082</u>
<b>Comprehensive Loss</b>	<u><u>\$ (12,902,021)</u></u>

## HS Group Holding Company, LLC and Subsidiaries

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### Consolidated Statement of Members' Equity

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Year Ended December 31, 2024

<b>Balance</b> - January 1, 2024 (as restated)	\$ 70,797,170
Net loss	(13,009,103)
Issuance of Class A units	37,500
Redemptions	(1,482,176)
Foreign currency translation	<u>107,082</u>
<b>Balance</b> - December 31, 2024	<b><u><u>\$ 56,450,473</u></u></b>

## HS Group Holding Company, LLC and Subsidiaries

# Consolidated Statement of Cash Flows

Year Ended December 31, 2024

### Cash Flows from Operating Activities

Net loss	\$ (13,009,103)
Adjustments to reconcile net loss to net cash from operating activities:	
Depreciation and amortization	12,456,987
Accretion of debt issuance costs	209,633
Noncash lease expense	(19,170)
Credit loss expense	686,358
Gain on sale of subsidiaries	(908,222)
Changes in operating assets and liabilities that provided (used) cash:	
Accounts receivable	164,101
Prepaid expenses and other assets	(477,035)
Inventories	25,423
Deferred commission costs	802,954
Accounts payable and accrued expenses	(2,225,066)
Deferred franchise fees	(1,077,179)
Net cash used in operating activities	(3,370,319)

### Cash Flows from Investing Activities

Purchase of property and equipment	(163,849)
Proceeds from sale of subsidiaries	81,680
Net cash used in investing activities	(82,169)

### Cash Flows from Financing Activities

Borrowings on long-term debt	3,300,000
Payments on long-term debt	(1,672,126)
Redemptions	(852,176)
Issuance of Class A units	37,500
Net cash provided by financing activities	813,198

### Effect of Exchange Rate Changes on Cash

### Net Decrease in Cash

Cash - Beginning of year

Cash - End of year

**Significant Noncash Transactions** - Redemption of Class A units in exchange for sale of Plumbing Heating Paramedics, LLC

107,082
(2,532,208)
7,506,132
<b>\$ 4,973,924</b>
\$ 630,000

# Notes to Consolidated Financial Statements

December 31, 2024

### Note 1 - Nature of Business

HS Group Holding Company, LLC and Subsidiaries (the "Company") includes its wholly owned subsidiaries, Threshold Brands, LLC (TB); MaidPro Franchise, LLC (MaidPro); FlyFoe, LLC (FlyFoe); Men In Kilts US, LLC (MIKU); Men in Kilts Canada, Inc. (MIKCA); Pestmaster Franchise Network, LLC (PFN); Pestmaster Services, L.P. (PSI); Kaigan, LLC (Kaigan); USA Insulation Franchise, LLC (USA); USA Enterprises, LLC (USAE); FDIE, LLC (FDIE); Sir Grout Franchising, LLC (SGF); Sir Grout, LLC (SG); Plumbing Heating Paramedics, LLC (PHP); PHP Franchise, LLC (PHPF); Granite Garage Floors Franchising, LLC (GGFF); Granite Garage Floors Atlanta (GFCC); Mold Medics, LLC (MM); Mold Medics Franchise, LLC (MMFL); and Miracle Method, LLC (MMCS).

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

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

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

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

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

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

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHP was sold on January 31, 2024. PHPF is a newly established franchisor that sells franchises providing services similar to PHP.

GFCC was established in 1980. The company provides upgrading of concrete surfaces (e.g., garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like granite, quartz, stone, metallic, or terrazzo. GGFF operates as a franchisor in which its franchisees provide services similar to GFCC. GFCC was sold on December 31, 2023.

MM provides mold remediation, air duct cleaning, and other ancillary services, such as radon testing for residential and commercial customers. MM was sold on April 30, 2024. MMFL operates as a franchisor in which its franchisees provide services similar to MM.

MMCS provides bathroom and kitchen resurfacing services for residential and commercial customers and operates as a franchisor.

**Note 2 - Significant Accounting Policies**

***Basis of Accounting***

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

***Principles of Consolidation***

The financial statements include the accounts of the Company and all of its wholly owned and majority-owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

***Accounts Receivable***

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2024, the Company had recorded an allowance for credit losses in the amount of \$1,070,050. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs, and includes adjustments for current economic conditions and reasonable and supportable forecasts. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Net accounts receivable as of January 1, 2024 equaled \$5,220,489.

***Property and Equipment***

Property and equipment are recorded at cost. Depreciation and amortization are computed using the straight-line method. Assets are depreciated over their estimated useful lives, which range from 3 to 10 years. The cost of leasehold improvements is depreciated (amortized) over the lesser of the length of the related leases or the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense when incurred.

***Leases***

The Company has operating leases for real estate and vehicles. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

The Company elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for all operating leases.

***Intangible Assets***

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.

The Company elected to apply the private company accounting alternative for intangible assets acquired in a business combination developed by the Private Company Council. Under the accounting alternative, certain acquired customer-related intangible assets and noncompetition agreements are not separately recognized apart from goodwill.

**Note 2 - Significant Accounting Policies (Continued)**

***Goodwill***

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

The Company elected to apply the private company accounting alternative for goodwill developed by the Private Company Council. Under the accounting alternative, goodwill is amortized on a straight-line basis over a 10-year period. Additionally, goodwill is assessed for potential impairment if events occur or circumstances change that indicate the fair value of the Company may be less than its carrying value. The Company elected to test goodwill for impairment at the entitywide level.

No impairment charge was recognized during the year ended December 31, 2024.

***Revenue Recognition***

The Company's franchise agreements include (a) the right to use its symbolic intellectual property over the term of each franchise agreement (typically 10 years), (b) preopening services, such as training, (c) ongoing services, such as management of the national brand fund contributions and support services for the franchisees, and (d) for certain subsidiaries, a license to use the Company's internal-use software, which is hosted on the Company's software service (SaaS) platform. These promises are highly dependent upon and interrelated with the franchise right granted in the franchise agreement, so they are not considered to be individually distinct and, therefore, are accounted for as a single performance obligation. The performance obligation under the franchise agreement is the promise to provide daily access to the symbolic intellectual property over the term of each franchise agreement, which is a series of distinct services that represent a single performance obligation. Although the franchisor's underlying activities associated with the symbolic intellectual property will vary both within a day and day to day, the symbolic intellectual property is accessed over time and the customer (the franchisee) simultaneously receives and consumes the benefit from the franchisor's performance of providing access to the symbolic intellectual property (including other related activities).

The Company also operates franchise locations that perform various repair and maintenance services for residential and commercial buildings. Revenue is recognized over time as the services are rendered. Long-term contracts do not exist for these services, and all work is typically completed within a 24-hour period. Total revenue related to these services was approximately \$8,586,000 during the year ended December 31, 2024. This revenue is included in recurring revenue on the accompanying consolidated statement of operations and comprehensive income.

FDIE manufactures foam insulation and related chemicals and equipment that it sells and ships directly to its customers. Revenue is recognized at a point in time when the customer receives the goods. FDIE does not offer extended warranties that would constitute a separate performance obligation. Product revenue for FDIE was approximately \$5,417,000 during the year ended December 31, 2024. This revenue is included in recurring revenue on the accompanying consolidated statement of operations and comprehensive income. The Company has adopted the policy election to exclude sales taxes from the transaction price.

**Note 2 - Significant Accounting Policies (Continued)**

**Payment Terms**

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred franchise fees as of January 1, 2024 equaled \$8,835,570. Initial franchise fees are also received pursuant to area development agreements, which grant the right to develop franchised stores in future periods in specific geographic areas. Royalties and advertising fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Service fees are due 30 days from when the service is performed.

**Allocating the Transaction Price**

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that the agreements will not be canceled, renewed, or modified.

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes revenue related to royalties and advertising fees, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

**Costs to Obtain a Franchise Agreement**

The Company incurs commission costs to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commission costs are capitalized as deferred commission costs and are expensed over the term of the respective franchise agreement.

**Advertising Expense**

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to an advertising fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2024 was \$5,813,677.

**Income Taxes**

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement.

**Concentrations of Credit Risk**

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts.

**Debt Issuance Costs**

Debt issuance costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt using a method that approximates the effective interest rate method.

December 31, 2024

### Note 2 - Significant Accounting Policies (Continued)

#### *Foreign Currency Translation*

The functional currency of the Company's international subsidiary (MIKCA) is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year end. Income and expenses are translated at a weighted-average rate of exchange for the year ended December 31, 2024. The aggregate effect of translating the financial statements of MIKCA is included in other comprehensive income on the accompanying consolidated statement of operations and comprehensive income.

#### *Use of Estimates*

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

#### *Subsequent Events*

The consolidated financial statements and related disclosures include evaluation of events up through and including April 3, 2025, which is the date the financial statements were available to be issued.

### Note 3 - Accounts Receivable Credit Loss Allowance

The activity in the allowance for credit losses is as follows:

Balance - January 1	\$ 812,625
Additions charged to expense	686,358
Deductions/Write-offs	<u>(428,933)</u>
Balance - December 31	<u>\$ 1,070,050</u>

### Note 4 - Property and Equipment

Property and equipment are summarized as follows:

Machinery and equipment	\$ 531,978
Vehicles	1,378,226
Furniture and fixtures	80,268
Computer equipment and software	395,258
Leasehold improvements	<u>663,717</u>
Total cost	3,049,447
Accumulated depreciation	<u>1,553,954</u>
Net property and equipment	<u>\$ 1,495,493</u>

Depreciation expense for 2024 was approximately \$418,000.

## HS Group Holding Company, LLC and Subsidiaries

# Notes to Consolidated Financial Statements

December 31, 2024

### Note 5 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2024 are summarized as follows:

	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>
Amortized intangible assets and goodwill:		
Franchise agreements	\$ 22,957,360	\$ 7,182,241
Trade names	11,151,905	2,266,952
Software	2,755,357	1,381,106
Goodwill	79,759,719	26,146,152
	<u>\$ 116,624,341</u>	<u>\$ 36,976,451</u>
Total amortized intangible assets and goodwill		

Amortization expense for intangible assets and goodwill totaled approximately \$12,039,000 for the year ended December 31, 2024.

Estimated amortization expense for the years ending December 31 is as follows:

<u>Years Ending</u>	<u>Amount</u>
2025	\$ 12,038,523
2026	12,038,523
2027	12,038,523
2028	12,038,523
2029	12,038,523
Thereafter	<u>19,455,275</u>
Total	<u>\$ 79,647,890</u>

### Note 6 - Long-term Debt

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

In connection with the agreement, the Company incurred debt issuance costs of \$410,323, which are amortized over the term of the credit agreement.

On September 16, 2024, the Company signed the sixth amendment to the loan agreement, which provided a delayed draw A term loan of \$3,300,000. The proceeds of the loan were to be used by the Company to fund the revolver paydown, the Company's working capital needs, transaction costs, fees, and expenses incurred by the Company and to make certain modifications to the loan agreement.

The interest rate is a floating rate equal to the lesser of the Secured Overnight Financing Rate (SOFR) plus the applicable margin, as defined in the credit agreement, which is 10.24 percent as of December 31, 2024. Principal payments are due quarterly on the first day of each quarter in an amount equal to \$71,094 and with a balloon payment on the maturity date, which is December 23, 2025. Management expects to extend the maturity date of the debt and is currently in negotiations with the lender to do so.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2024, the Company was in compliance with its financial debt covenants.

Amortization expense recognized on debt issuance costs was approximately \$210,000 as of December 31, 2024.

**Notes to Consolidated Financial Statements**

**December 31, 2024**

**Note 6 - Long-term Debt (Continued)**

A summary of debt at December 31, 2024 is as follows:

Term loan	\$ 27,344,436
Delayed draw A term loan	3,300,000
Unamortized debt issuance costs	<u>(209,633)</u>
Long-term debt less unamortized debt issuance costs	30,434,803
Less current portion	<u>30,434,803</u>
Long-term portion	<u><u>\$ -</u></u>

**Note 7 - Leases**

The Company leases real estate and vehicles under operating lease agreements that have initial terms of 4 to 15 years. Some leases include one or more options to renew, generally at the Company's sole discretion, with renewal terms that can extend the lease five times up to a term of 5 years each. In addition, certain leases contain termination options, where the rights to terminate are held by either the Company, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms when it is reasonably certain that the Company will exercise that option. The Company's operating leases generally do not contain any material restrictive covenants.

Future minimum annual commitments under these operating leases are as follows:

Years Ending December 31	Amount
2025	\$ 1,225,158
2026	584,634
2027	324,249
2028	311,964
2029	256,557
Thereafter	<u>313,572</u>
Total	3,016,134
Less amount representing interest	<u>74,302</u>
Present value of net minimum lease payments	2,941,832
Less current obligations	<u>1,237,822</u>
Long-term obligations under leases	<u><u>\$ 1,704,010</u></u>

**Notes to Consolidated Financial Statements**

**December 31, 2024**

**Note 7 - Leases (Continued)**

Expenses recognized under these leases for the year ended December 31, 2024 consist of the following:

Lease cost:	
Operating lease cost	\$ 1,492,073
Short-term lease cost	<u>12,400</u>
Total lease cost	<u>\$ 1,504,473</u>
Other information:	
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 1,225,158
Weighted-average remaining lease term (years) - Operating leases	3.5
Weighted-average discount rate - Operating leases	1.3 %

**Note 8 - Related Party Transactions**

A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in operating expenses on the accompanying consolidated statement of operations and comprehensive income. The total expense for the year ended December 31, 2024 is \$691,000.

**Note 9 - Members' Equity**

Class A units have voting rights on all matters requiring the consent, approval, or vote of the members. The Class A units receive preference on distributions. There were 1,000,000 units authorized and 87,829 units issued and outstanding as of December 31, 2024.

Class B units do not have voting rights and are issued to designated management employees of the Company, upon vesting of deferred units, without any corresponding capital contribution. The holders of these units are entitled to share in the appreciation of the Company's assets that occur subsequent to the date of grant. The Class B units are dilutive to the participating preferred units. There were 1,000,000 units authorized and no units issued or outstanding as of December 31, 2024.

As defined in the HS Group Holding Company, LLC Second Amended and Restated Limited Liability Company Agreement, a deferred unit provides the right to be issued a Class B unit prior to a significant sale, assuming the fair market value of the Company exceeds the threshold amount, as defined in the deferred unit agreement. Deferred units vest evenly over seven years, with accelerated vesting upon the occurrence of a significant sale. As of December 31, 2024, there were 11,740 deferred units issued, 5,078 deferred units outstanding, and 1,505 deferred units vested. No compensation expense was recognized during 2024, as the fair value of the units is *de minimis*.

The accompanying consolidated statement of members' equity has been restated to correct an error in which accounts receivable were overstated as of December 31, 2023. Retained earnings as of January 1, 2024 decreased by \$1,895,100.

**Note 10 - Discontinued Operations**

On January 31, 2024, the Company sold PHP in exchange of 300 Class A units of the Company owned by the buyer that were valued at \$630,000, which is included in redemptions on the accompanying consolidated statement of members' equity. In addition, MM was sold on April 30, 2024 in exchange for cash equal to approximately \$82,000.

The sales of PHP and MM are considered to be strategic changes in operations, as they are both nonfranchisors, so the Company can focus on the franchisor side of the business. PHP and MM are, therefore, being accounted for as discontinued operations.

**Notes to Consolidated Financial Statements**

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**December 31, 2024**

**Note 10 - Discontinued Operations (Continued)**

The results of operations of PHP and MM included in gain from discontinued operations in the consolidated statement of operations and comprehensive income for the year ended December 31, 2024 are as follows:

Recurring revenue	\$	870,784
Operating expenses		(951,392)
Interest expense		(38,472)
Gain on sale from discontinued operations		<u>908,222</u>
Net gain	\$	<u><u>789,142</u></u>

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

Consolidated Financial Report  
December 31, 2023

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## Independent Auditor's Report

RSM US LLP

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

### Opinion

We have audited the consolidated financial statements of HS Group Holding Company, LLC and Subsidiaries d/b/a Threshold Brands (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in members' equity and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of their operations and their cash flows for the years ended December 31, 2023, 2022, and 2021, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

*RSM US LLP*

Detroit, Michigan  
April 24, 2024

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

Consolidated Balance Sheets  
December 31, 2023 & 2022

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,292,172	\$ 2,848,939
Accounts receivable, net of allowance for credit losses	7,308,258	2,838,072
Inventory	374,941	626,335
Prepaid expenses and other current assets	3,638,733	2,739,829
Discontinued operations	456,472	691,541
<b>Total current assets</b>	<b>19,070,576</b>	<b>9,744,716</b>
Property and equipment, net	1,750,108	2,053,004
Other assets:		
Goodwill, net	58,322,671	49,421,067
Intangibles, net	28,931,482	20,570,821
Right of use asset - operating leases, net	4,037,117	4,902,678
Capitalized contract costs	4,013,241	3,913,698
Other assets	200,786	366,051
Discontinued operations	5,099,952	5,649,309
<b>Total other assets</b>	<b>100,605,249</b>	<b>84,823,624</b>
<b>Total assets</b>	<b>\$ 121,425,933</b>	<b>\$ 96,621,344</b>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable	\$ 3,331,237	\$ 2,579,019
Accrued expenses	1,736,480	2,289,453
Current portion of long-term debt	409,376	355,469
Operating lease liabilities, current	1,234,334	1,149,172
Current portion of deferred franchise and territory fees	2,596,885	1,703,657
Discontinued operations	1,687,613	1,504,355
<b>Total current liabilities</b>	<b>10,995,925</b>	<b>9,581,125</b>
Long-term debt, net	28,187,920	27,087,563
Deferred franchise and territory fees, net of current portion	6,238,685	6,581,039
Operating lease liabilities noncurrent	2,877,766	3,825,580
Discontinued operations	433,367	357,315
<b>Total liabilities</b>	<b>48,733,663</b>	<b>47,432,622</b>
Members' equity	72,692,270	49,188,722
<b>Total liabilities and members' equity</b>	<b>\$ 121,425,933</b>	<b>\$ 96,621,344</b>

See notes to consolidated financial statements.

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

**Consolidated Statements of Operations**  
**Years Ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
Revenues:			
Recurring revenue	\$ 43,861,005	\$ 42,434,021	\$ 31,818,811
Franchise fee revenue	2,355,244	2,284,333	1,148,834
<b>Total revenues</b>	<b>46,216,249</b>	<b>44,718,354</b>	<b>32,967,645</b>
Operating expenses:			
Cost of services	7,365,194	7,716,433	6,488,425
General and administrative expenses	13,588,879	18,981,922	11,602,742
Payroll and benefits	19,327,071	20,314,913	15,092,714
Depreciation and amortization expenses	9,096,227	8,030,433	6,067,212
Transaction expenses	2,127,651	884,988	2,054,118
<b>Total operating expenses</b>	<b>51,505,022</b>	<b>55,928,689</b>	<b>41,305,211</b>
<b>Loss from operations</b>	<b>(5,288,773)</b>	<b>(11,210,335)</b>	<b>(8,337,566)</b>
Other expense (income):			
Interest expense	3,516,317	2,434,486	1,364,806
Other expense (income)	204,046	(203,807)	(145,135)
<b>Other expense</b>	<b>3,720,363</b>	<b>2,230,679</b>	<b>1,219,671</b>
<b>Loss from continuing operations</b>	<b>(9,009,136)</b>	<b>(13,441,014)</b>	<b>(9,557,237)</b>
Loss from discontinued operations (including gain on disposal of \$9,972 for the year ended December 31, 2023)			
	(1,459,871)	(831,424)	(830,729)
<b>Net loss</b>	<b>\$ (10,469,007)</b>	<b>\$ (14,272,438)</b>	<b>\$ (10,387,966)</b>

See notes to consolidated financial statements.

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

**Consolidated Statements of Changes in Members' Equity  
Years Ended December 31, 2023, 2022, and 2021**

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Balance, December 31, 2020	\$ 50,386,426
Issuance of Class A units	1,150,000
Contributed capital related to acquisitions	5,150,000
Foreign currency translation	(32,060)
Net loss	(10,387,966)
	<hr/>
Balance, December 31, 2021	46,266,400
Issuance of Class A units	774,578
Contributed capital related to acquisitions	16,500,000
Foreign currency translation	(79,818)
Net loss	(14,272,438)
	<hr/>
Balance, December 31, 2022	49,188,722
Issuance of Class A units	7,705,254
Contributed capital related to acquisitions	26,315,146
Distributions	(221,436)
Foreign currency translation	173,591
Net loss	(10,469,007)
	<hr/>
<b>Balance at December 31, 2023</b>	<b><u><u>\$ 72,692,270</u></u></b>

See notes to consolidated financial statements.

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

### Consolidated Statements of Cash Flows Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Cash flows from operating activities:			
Net loss from continuing operations	\$ (9,009,136)	\$ (13,441,014)	\$ (9,557,237)
Net loss from discontinued operations	(1,459,871)	(831,424)	(830,729)
Adjustments to reconcile net loss from continuing operations to net cash used in operating activities:			
Depreciation and amortization	9,096,227	8,030,433	6,067,212
Accretion of debt issuance costs	209,733	209,532	122,886
Loss (gain) on sale of fixed assets	151,375	(24,018)	-
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	(3,892,055)	352,313	(744,466)
Prepaid expenses and other current assets	(655,452)	(1,916,684)	387,382
Inventories	251,394	(51,635)	(407,450)
Capitalized contract costs	(99,543)	(1,084,997)	(1,228,179)
Other assets	221,947	(195,350)	162,394
Accounts payable and accrued expenses	(314,296)	2,088,873	896,771
Deferred franchise and territory fees	(425,333)	1,098,016	1,002,758
Other liabilities	-	(210,500)	210,500
Operating lease assets and liabilities	2,909	72,074	-
<b>Net cash used in operating activities —continuing operations</b>	<b>(4,462,230)</b>	<b>(5,072,957)</b>	<b>(3,087,429)</b>
<b>Net cash used in operating activities —discontinuing operations</b>	<b>(404,355)</b>	<b>(186,428)</b>	<b>(554,662)</b>
<b>Net cash used in operating activities</b>	<b>(4,866,585)</b>	<b>(5,259,385)</b>	<b>(3,642,091)</b>
Cash flows from investing activities:			
Acquisition of businesses, net of cash acquired	(22,648,233)	(13,632,318)	(11,864,149)
Purchase of property and equipment	(179,453)	(479,941)	(871,412)
Proceeds from sales of equipment	24,119	192,627	208,379
<b>Net cash used in investing activities —continuing operations</b>	<b>(22,803,567)</b>	<b>(13,919,632)</b>	<b>(12,527,182)</b>
<b>Net cash used in investing activities —discontinuing operations</b>	<b>(202,807)</b>	<b>(290,871)</b>	<b>(1,897,023)</b>
<b>Net cash used in investing activities</b>	<b>(23,006,374)</b>	<b>(14,210,503)</b>	<b>(14,424,205)</b>
Cash flows from financing activities:			
Borrowings on long-term debt	1,300,000	-	16,000,000
Payment of debt issuance costs	-	-	(551,094)
Distributions to members	(221,436)	-	-
Payments on long-term debt	(355,469)	(284,375)	(143,594)
Proceeds from capital contributions	31,220,400	15,774,578	1,150,000
<b>Net cash provided by financing activities —continuing operations</b>	<b>31,943,495</b>	<b>15,490,203</b>	<b>16,455,312</b>
<b>Net cash provided by financing activities —discontinuing operations</b>	<b>113,078</b>	<b>79,560</b>	<b>-</b>
<b>Net cash provided by financing activities</b>	<b>32,056,573</b>	<b>15,569,763</b>	<b>16,455,312</b>
Effect of exchange rate changes on cash	181,670	(140,104)	(123,805)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,365,284</b>	<b>(4,040,229)</b>	<b>(1,734,789)</b>
Cash and cash equivalents, beginning	3,140,848	7,181,077	8,915,866
Cash and cash equivalents, ending	<b>\$ 7,506,132</b>	<b>\$ 3,140,848</b>	<b>\$ 7,181,077</b>

(Continued)

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

Consolidated Statements of Cash Flows (Continued)  
Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
Supplemental disclosures of cash flow information:			
Interest paid	<u>\$ 3,083,356</u>	<u>\$ 1,077,276</u>	<u>\$ -</u>
Supplemental schedule of noncash operating, investing and financing activities:			
Acquisition of businesses:			
Assets acquired	\$ 12,410,853	\$ 3,070,399	\$ 3,926,223
Liabilities assumed	<u>(1,489,748)</u>	<u>(333,510)</u>	<u>(658,342)</u>
<b>Net identifiable assets acquired</b>	<b>10,921,105</b>	<b>2,736,889</b>	<b>3,267,881</b>
Goodwill	<u>15,202,529</u>	<u>12,428,214</u>	<u>10,880,109</u>
<b>Net assets acquired</b>	<b>26,123,634</b>	<b>15,165,103</b>	<b>14,147,990</b>
Less cash acquired	<u>(675,401)</u>	<u>(32,785)</u>	<u>(133,841)</u>
Less units issued as consideration	<u>(2,800,000)</u>	<u>(1,500,000)</u>	<u>(2,150,000)</u>
<b>Cash purchase price</b>	<b>\$ 22,648,233</b>	<b>\$ 13,632,318</b>	<b>\$ 11,864,149</b>

See notes to consolidated financial statements.

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

PHP was established in 2011. It provides HVAC and plumbing services to residential customers throughout Indiana. PHP offers HVAC system repairs, HVAC system replacements, plumbing system repairs, and recurring maintenance check-ins. PHP was sold on January 31, 2024 and is included in discontinued operations (see Note 9). PHPF is a newly established franchisor that sells franchises providing services similar to PHP.

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

GGFA was established in 1980. The company provides upgrading of concrete surfaces (garage floors, basements, workshops, unfinished spaces, exterior porches, and patios) with an industrial coating system with finishes appearing like Granite, Quartz, Stone, Metallic or Terrazzo. GGFF operates as a franchisor in which their franchisees provide services similar to GGFA. GGFA was sold on December 31, 2023 and is included in discontinued operations (see Note 9).

MM provides mold remediation, air duct cleaning, and other ancillary services such as radon testing for residential and commercial customers. MM is expected to be sold in the next year and is included in discontinued operations (see Note 9). MMF operates as a franchisor in which their franchisees provide services similar to MM.

MMCS provides bathroom and kitchen resurfacing services for residential and commercial customers. MMUS operates as a franchisor in which their franchisees provide services similar to MMC.

**Basis of presentation:** The consolidated balance sheets are presented as of December 31, 2023 and 2022. The consolidated statements of operations, changes in members' equity, and cash flows are presented for the years ended December 31, 2022, 2021, and 2021. The accompanying consolidated financial statements of the Company include its wholly owned subsidiaries.

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

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

#### Significant accounting policies:

##### Nature of services

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

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

#### Payment terms

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

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

#### Revenue recognition

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

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

#### Contract balances

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

#### Commission costs

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

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Advertising funds

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

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

The following table provides a reconciliation of cash and cash equivalents reported in the consolidated balance sheets for continuing operations that sums to the total of the amounts shown in the consolidated statements of cash flows for the years ended December 31:

	2023	2022	2021
Cash - continuing operations	\$7,292,172	\$2,848,939	\$6,701,825
Cash reclassified to discontinued operations	213,960	291,909	479,252
	<u>\$7,506,132</u>	<u>\$3,140,848</u>	<u>\$7,181,077</u>

**Accounts receivable:** Accounts receivable are recorded at transaction price. The allowance for credit losses on accounts receivable represents the Company's estimate of expected credit losses over the lifetime of the receivables. This estimation process is based on historical experience, current conditions, asset-specific risk characteristics and reasonable and supportable forecasts about future economic and market conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance for credit loss was approximately \$813,000 and \$542,000 for the years ended December 31, 2023 and 2022, respectively. The Company will continue to monitor and evaluate the adequacy of the allowance for credit losses on accounts receivable on a regular basis and make adjustments as necessary in response to changes in economic conditions and credit quality indicators.

The Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326), on January 1, 2023. This accounting standard requires companies to measure expected credit losses on financial instruments based on the total estimated amount to be collected over the lifetime of the instruments which would include accounts receivables. Prior to the adoption of this accounting standard, the Company recorded incurred loss reserves against account receivable balances based on current and historical information. The adoption of this ASU did not have a material effect on the Company's financial statements.

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

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

**Franchisor advertising:** Advertising costs of the franchisor are charged against income during the period the advertising is displayed. Advertising costs are expensed as incurred and totaled approximately \$938,000, \$1,863,000, and \$2,148,000 for the years ended December 31, 2023, 2022, and 2021 respectively.

**Software development costs:** Costs for software developed for internal use are accounted for in accordance with ASC 350, Intangibles – Goodwill and Other - Internal-Use Software. ASC 350 requires the capitalization of certain costs incurred in connection with developing or obtaining internal-use software. In accordance with ASC 350, the Company expenses costs incurred in the preliminary project stage of developing or acquiring internal use software, such as research and feasibility studies, as well as costs incurred in the post-implementation/operational stage, such as maintenance and training. Capitalization of software development costs occurs only after the preliminary project stage is complete,

management authorizes the project, and it is probable that the project will be completed and the software will be used for the function intended. Costs associated with the purchase and development of computer software are capitalized and amortized on a straight-line basis over the estimated useful life of the related asset. Software development costs are recorded in property and equipment in the accompanying consolidated balance sheets. The Company capitalized software development costs. There were approximately \$72,000 and \$0 of capitalized costs for the year ended December 31, 2023 and 2022, respectively.

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

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

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

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

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than member's equity. Goodwill is tested using a fair-value approach at the entity level. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

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

**Long-lived assets:** Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If impairment is considered, recoverability of these assets is measured by a comparison of the carrying amount of the asset to estimated future undiscounted cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount of which the carrying amount of the asset exceeds the fair value of the asset. No impairment expense was recognized for the years ended December 31, 2023, 2022 and 2021.

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

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

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

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

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

The Company has made an accounting policy election to account for lease and non-lease components in its contracts as a single lease component for its various asset classes. The non-lease components typically represent additional services transferred to the Company, such as common area maintenance for real estate, which are variable in nature and recorded in variable lease expense in the period incurred.

Adoption of Topic 842 resulted in the recording of additional ROU assets and lease liabilities related to the Company's operating leases of approximately \$6.67 million and \$6.71 million, respectively, at January 1, 2022. The adoption of the new lease standard did not materially impact consolidated net earnings or consolidated cash flows and did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

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

### Notes to Consolidated Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

The FASB provides guidance for how uncertain tax provisions should be recognized, measured, disclosed, and presented in the consolidated financial statements. The Company identifies its tax positions taken or expected to be taken in the course of preparing its tax returns and determines whether any tax positions are more likely than not of being sustained when challenged or when examined by the applicable tax authority. Management has determined that there are no uncertain tax positions at December 31, 2023, 2022, and 2021.

**Debt issuance costs:** Debt issuance costs are carried at cost less accumulated amortization as a direct deduction from the carrying amount of the related loan. The costs are amortized over the term of the related loan using a method that approximates the effective interest rate method. Amortization expense is classified in interest expense in the accompanying consolidated statements of operations.

**Foreign currency translation:** The functional currency of the Company's international subsidiary is the Canadian dollar. Foreign currency denominated assets and liabilities are translated into United States dollars at the rate of exchange in effect at year-end. Income and expenses are translated at a weighted average rate of exchange for the years ended December 31, 2023, 2022 and 2021. The aggregate effect of translating the consolidated financial statements is included in foreign currency translation in the consolidated statements of changes in members' equity.

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

**Subsequent events:** On January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at \$630,000 (see Note 9).

The Company evaluated subsequent events for potential required disclosure through April 24, 2024, which is the date the consolidated financial statements were available to be issued.

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses

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

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

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

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

Consideration:

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

Recognized amount of net assets of the Company:

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

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

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

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

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses (Continued)

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

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

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

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

Consideration:	
Cash	\$ 2,436,860
Due to seller	(56,773)
3,000 Class A Units of HS Group Holding Company, LLC	3,000,000
Total invested capital	<u>\$ 5,380,087</u>
Recognized amount of net assets of the Company:	
Cash	\$ 783,815
Receivables	265,090
Prepaid expenses and other assets	20,621
Fixed assets	195,658
Intangible assets	905,000
Accounts payable	(11,857)
Accrued expenses and other liabilities	(630,062)
Deferred service contract	(130,955)
Notes Payable	(132,500)
Extended warranties	(541,548)
Total identifiable net assets acquired	<u>723,262</u>
Goodwill	<u>4,656,825</u>
	<u>\$ 5,380,087</u>

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

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

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

Certain current and prior year amounts were reclassified to discontinued operations as of December 31, 2023 and 2022.

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses (Continued)

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

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

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

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

Consideration:	
Cash	\$ 10,697,136
1,354 Class A Units of HS Group Holding Company, LLC	2,000,000
Total invested capital	<u>\$ 12,697,136</u>
Recognized amount of net assets of the Company:	
Cash	\$ 133,841
Receivables	152,790
Other assets	66,092
Intangible assets	2,612,000
Accounts payable	(5,338)
Accrued expenses and other liabilities	(128,159)
Deferred revenue	(455,252)
Total identifiable net assets acquired	<u>2,375,974</u>
Goodwill	<u>10,321,162</u>
	<u>\$ 12,697,136</u>

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

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

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

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Certain current and prior year amounts were reclassified to discontinued operations as of December 31, 2023 and 2022.

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses (Continued)

**Mold Medics:** Effective May 3, 2023, the Company acquired 100% of the membership interest in Mold Medics for total consideration of \$3,505,567.

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

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

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

Consideration:	
Cash	\$ 1,684,344
810 Class A Units of HS Group Holding Company, LLC	1,800,000
Due to seller	21,223
Total invested capital	<u>\$ 3,505,567</u>
Recognized amount of net assets of the Company:	
Cash	\$ 111,888
Receivables	113,800
Fixed assets	16,082
Tradename	290,000
Accounts payable and accruals	(83,162)
Other liability	(35,000)
Total identifiable net assets acquired	<u>413,608</u>
Goodwill	<u>3,091,959</u>
	<u>\$ 3,505,567</u>

The fair value of the 810 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$853,553 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Identified intangible assets included \$290,000 which was assigned to trade names (20-year life).

Certain current and prior year amounts were reclassified to discontinued operations as of December 31, 2023.

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

### Notes to Consolidated Financial Statements

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#### Note 2. Acquisition of Businesses (Continued)

**Miracle Methods:** Effective November 22, 2023, the Company acquired 100% of the membership interest in Miracle Methods for total consideration of \$22,638,133.

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

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

Consideration:	
Cash	\$ 21,830,802
476 Class A Units of HS Group Holding Company, LLC	1,000,000
Due to seller	(192,669)
Total invested capital	<u>\$ 22,638,133</u>
Recognized amount of net assets of the Company:	
Cash	\$ 613,988
Receivables	574,979
Prepaid and other assets	243,452
Fixed assets	97,187
Other assets - noncurrent	56,682
Intangible assets	10,470,000
Accounts payable and accruals	(468,693)
Deferred revenue	(976,207)
Total identifiable net assets acquired	<u>10,611,388</u>
Goodwill	<u>12,026,745</u>
	<u>\$ 22,638,133</u>

The fair value of the 476 Class A Units was determined based on the value of the Company at the acquisition date, using unobservable inputs.

In connection with the transaction, the Company incurred \$1,274,098 of transaction expenses, which were expensed as incurred in the accompanying consolidated statement of operations.

Of the \$10,470,000 of identified intangible assets, \$7,595,000 was assigned to franchise agreements (5-year life), \$1,958,000 was assigned to trade names (20-year life), and \$917,000 was assigned to software (5-year life).

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

### Notes to Consolidated Financial Statements

#### Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

	2023	2022
Equipment	\$ 486,658	\$ 569,313
Vehicles	2,155,872	1,343,729
Furniture and fixtures	72,192	80,268
Leasehold improvements	93,224	604,580
Work in process	62,630	68,915
Software development costs	72,357	133,357
Total property and equipment	<u>2,942,933</u>	<u>2,800,162</u>
Less accumulated depreciation and amortization	<u>(1,192,825)</u>	<u>(747,158)</u>
Property and equipment, net	<u>\$ 1,750,108</u>	<u>\$ 2,053,004</u>

Depreciation expense for the years ended December 31, 2023, 2022, and 2021 was approximately \$352,000, \$436,000 and \$316,000, respectively.

Certain current and prior year amounts were reclassified to discontinued operations as of December 31, 2023 and 2022.

#### Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

	Weighted-Average Remaining Useful Life	December 31, 2023		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	6.33	\$ 22,963,548	\$ 4,744,640	\$ 18,218,908
Trade names	17.72	8,966,637	1,000,436	7,966,201
Software	4.07	2,683,000	886,959	1,796,041
Trade secrets	21.98	1,081,000	130,668	950,332
		<u>\$ 35,694,185</u>	<u>\$ 6,762,703</u>	<u>\$ 28,931,482</u>
Goodwill	7.74	<u>\$ 75,107,177</u>	<u>\$ 16,784,506</u>	<u>\$ 58,322,671</u>

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

**Notes to Consolidated Financial Statements**

**Note 4. Intangible Assets and Goodwill (Continued)**

	Weighted-Average Remaining Useful Life	December 31, 2022		
		Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Franchise agreements	8.04	\$ 15,351,284	\$ 3,023,790	\$ 12,327,494
Trade names	18.12	6,716,407	643,944	6,072,463
Software	4.62	1,776,300	599,008	1,177,292
Trade secrets	22.98	1,081,000	87,428	993,572
		<u>\$ 24,924,991</u>	<u>\$ 4,354,170</u>	<u>\$ 20,570,821</u>
Goodwill	8.26	<u>\$ 59,870,481</u>	<u>\$ 10,449,414</u>	<u>\$ 49,421,067</u>

Certain current and prior year amounts were reclassified to discontinued operations as of December 31, 2023 and 2022.

The change in the carrying value of goodwill for the years ended December 31, 2023 and 2022, is as follows:

Balance at December 31, 2021	\$ 42,520,675
Additions of goodwill	12,438,859
Amortization expense	<u>(5,538,467)</u>
Balance at December 31, 2022	49,421,067
Additions of goodwill	15,223,753
Amortization expense	<u>(6,322,149)</u>
Balance at December 31, 2023	<u>\$ 58,322,671</u>

Amortization expense recognized on intangible assets and goodwill as of December 31, 2023, 2022, and 2021 totaled approximately \$8,744,000, \$7,594,000, and \$5,751,000, respectively.

The future estimated aggregate amortization expense for intangibles and goodwill as of December 31, 2023, is as follows:

	Goodwill	Intangibles
Years ending December 31:		
2024	\$ 7,500,213	\$ 2,436,746
2025	7,500,213	2,436,746
2026	7,500,213	2,436,746
2027	7,500,213	2,347,857
2028	7,500,213	2,189,890

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

### Notes to Consolidated Financial Statements

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#### Note 5. Long-Term Debt

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

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

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

The interest rate is a floating rate equal to the lesser of Secured Overnight Financing Rate (SOFR) plus the applicable margin as defined in the credit agreement, which is 11.04% as of December 31, 2023. Principal payments are due quarterly on the first day of each quarter in an amount equal to \$102,344 and with a balloon payment on December 23, 2025. There is \$27,716,562 outstanding on the senior secured term loan at December 31, 2023, and \$1,300,000 drawn down on the revolving loan and nothing drawn down on the additional term loans.

The credit agreement includes certain ratios and excess cash flow payments. The credit agreement is collateralized by all business assets of the Company. As of December 31, 2023, the Company was in compliance with its debt covenants.

Amortization expense recognized on debt issuance costs was approximately \$210,000, \$210,000, and \$123,000 as of December 31, 2023, 2022, and 2021, respectively.

A summary of long-term debt is as follows as of December 31, 2023:

	2023	2022
Term loan	\$ 27,716,562	\$ 28,072,031
Revolver	1,300,000	-
Less unamortized debt issuance costs	(419,266)	(628,999)
Less current portion	(409,376)	(355,469)
	<u>\$ 28,187,920</u>	<u>\$ 27,087,563</u>

Future maturities of long-term debt are as follows:

2024	\$ 409,375
2025	28,607,187
	<u>\$ 29,016,562</u>

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

### Notes to Consolidated Financial Statements

#### Note 6. Leases

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

The components of lease expense are as follows for the years ended December 31:

	2023	2022
Operating lease cost	\$ 1,246,219	\$ 1,426,819
Short-term lease cost	12,400	-
Total lease cost	<u>\$ 1,258,619</u>	<u>\$ 1,426,819</u>

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

	2023	2022
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash outflows—payments on operating leases	\$ 1,235,137	\$ 1,379,117
Right-of-use assets in exchange for new lease obligations:		
Operating leases	\$ 322,159	\$ 6,670,560
Weighted-average remaining lease term:		
Operating leases	4.5	5.4
Weighted-average discount rate:		
Operating leases	1.4%	1.0%

Future undiscounted cash flows for each of the next five years and thereafter and a reconciliation to the lease liabilities recognized on the balance sheet are as follows as of December 31, 2023:

	Operating Leases
Years ending December 31:	
2024	\$ 1,294,982
2025	1,225,158
2026	584,634
2027	324,249
2028	311,964
Thereafter	570,128
Total lease payments	<u>4,311,115</u>
Less imputed interest	199,015
Total present value of lease liabilities	<u>\$ 4,112,100</u>

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

### Notes to Consolidated Financial Statements

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#### Note 7. Commitments and Contingencies

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

**Related-party transaction:** A company related to the Company's majority member charges the Company for financial and management services under a management services agreement for reimbursement of reasonable direct expenses, which is included in general and administrative expense on the accompanying consolidated statements of operations. The total expense for the years ended December 31, 2023, 2022, and 2021, is approximately \$530,000, \$295,000, and \$294,000, respectively.

#### Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2023	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	88,117
Class B Units	11,431	5,250
	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

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

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

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

### Notes to Consolidated Financial Statements

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#### **Note 8. Members' Equity (Continued)**

The Company has issued 11,431, 8,415, and 6,452 units to certain management employees as of December 31, 2023, 2022, and 2021, respectively. The units substantially vest upon a change in control of the Company, if still employed. The fair value of the awards at the date of grant is estimated using option pricing models. The expected terms assumption reflects the period for which the Company believes the awards will remain outstanding and is based on the expected behavior of the award holders. The Company determined the volatility of the fair value of its units through comparison to similar entities considering such characteristics as industry, stage of life cycle, size, and financial leverage. The risk free rate reflects the U.S. Treasury yield curve for similar expected life instruments in effect at the time of grant. During the years ended December 31, 2023 and 2022, and 2021 there were 6,181, 4,231, and 1,314 cumulative units forfeited, respectively. Class B units have no compensation expense recorded as their vesting condition is not considered probably until a change in control occurs.

#### **Note 9. Discontinued Operations**

GGFA was sold by the Company on December 31, 2023, in exchange of 300 Class A units owned by the buyer that were valued at \$221,000. This entity operated as a separate business. In addition, on January 31, 2024, the Company sold PHP in exchange of 300 Class A units owned by the buyer that were valued at \$630,000. Finally, MM is being marketed for sale and it is probable that a transaction will occur in the next year. PHP and MM are classified as held-for-sale.

The sale of GGFA, subsequent sale of PHP and the anticipated sale of MM businesses are considered to be a strategic change in operations as they are all non-franchisors so the Company can focus on the franchisor business. GGFA, PHP, and MM are therefore being accounted for as discontinued operations. The results of the operations and sale GGFA business are being presented as loss from discontinued operations in the accompanying consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021.

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

### Notes to Consolidated Financial Statements

#### Note 9. Discontinued Operations (Continued)

The results of operation of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated statements of operations for the years ended December 31, 2023, 2022, and 2021, is as follows:

	2023	2022	2021
Revenues:			
Recurring revenue	\$ 8,798,202	\$ 7,518,439	\$ 3,914,103
<b>Total revenues</b>	<b>8,798,202</b>	7,518,439	3,914,103
Operating expenses:			
Cost of services	3,131,846	2,654,396	938,042
General and administrative expenses	2,039,743	1,558,587	1,915,405
Payroll and benefits	4,519,254	3,545,276	1,496,810
Depreciation and amortization expenses	610,410	598,952	384,722
<b>Total operating expenses</b>	<b>10,301,253</b>	8,357,211	4,734,979
<b>Loss from operations</b>	<b>(1,503,051)</b>	(838,772)	(820,876)
Other expense (income):			
Interest expense	896	-	-
Other expense (income)	(34,104)	(7,348)	9,853
<b>Other expense</b>	<b>(33,208)</b>	(7,348)	9,853
<b>Loss from discontinuing operations</b>	<b>(1,469,843)</b>	(831,424)	(830,729)
Gain on sale from discontinued operations	9,972	-	-
<b>Net loss</b>	<b>\$ (1,459,871)</b>	\$ (831,424)	\$ (830,729)

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

### Notes to Consolidated Financial Statements

#### Note 9. Discontinued Operations (Continued)

The balance sheets of GGFA, PHP, and MM included in loss from discontinued operations in the consolidated balance sheets for the year ended December 31, 2023 and 2022, are summarized as follows:

	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 213,960	\$ 291,909
Accounts receivable, net of allowance for credit losses	133,321	121,528
Inventory	80,754	188,288
Prepaid expenses and other current assets	28,437	89,816
<b>Total current assets</b>	<b>456,472</b>	<b>691,541</b>
Property and equipment, net	434,145	269,191
Other assets:		
Goodwill, net	3,316,651	3,880,688
Intangibles, net	957,667	1,012,917
Right of use asset - operating leases, net	391,489	484,613
Other assets	-	1,900
<b>Total other assets</b>	<b>4,665,807</b>	<b>5,380,118</b>
<b>Total assets</b>	<b>\$ 5,556,424</b>	<b>\$ 6,340,850</b>
<b>Liabilities and Members' Equity</b>		
Current liabilities:		
Accounts payable	\$ 428,289	\$ 163,164
Accrued expenses	1,097,308	1,118,275
Other liabilities	59,154	77,727
Operating lease liabilities, current	102,862	145,189
<b>Total current liabilities</b>	<b>1,687,613</b>	<b>1,504,355</b>
Other long-term liabilities	133,484	1,833
Operating lease liabilities noncurrent	299,883	355,482
	<b>433,367</b>	<b>357,315</b>
<b>Total liabilities</b>	<b>2,120,980</b>	<b>1,861,670</b>
Members' equity	3,435,444	4,479,180
<b>Total liabilities and members' equity</b>	<b>\$ 5,556,424</b>	<b>\$ 6,340,850</b>

THE FINANCIAL STATEMENTS AS OF, AND FOR THE PERIOD ENDED, MARCH 31, 2025 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

# HS Group Holding Company, LLC (Consolidated)

## Balance Sheet As of March 31, 2025

Financial Row	Amount
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Bank</b>	
10000 - Cash & Cash Equivalents	\$3,462,801.25
<b>Total Bank</b>	\$3,462,801.25
<b>Accounts Receivable</b>	
11000 - Accounts Receivable	\$4,581,135.64
<b>Total Accounts Receivable</b>	\$4,581,135.64
<b>Unbilled Receivable</b>	\$2,528,179.61
<b>Other Current Asset</b>	\$2,542,242.99
<b>Total Current Assets</b>	\$13,114,359.48
<b>Fixed Assets</b>	
15000 - Fixed Assets	\$1,442,621.57
<b>Total Fixed Assets</b>	\$1,442,621.57
<b>Other Assets</b>	
16000 - Intangible Assets	\$77,411,167.94
17000 - Other Assets	\$8,339,151.73
<b>Total Other Assets</b>	\$85,750,319.67
<b>Total ASSETS</b>	\$100,307,300.72
<b>Liabilities &amp; Equity</b>	
<b>Current Liabilities</b>	
Accounts Payable	\$2,617,718.10
Credit Card	(\$186,285.94)
Other Current Liability	\$4,782,962.35
<b>Total Current Liabilities</b>	\$7,214,394.51
<b>Long Term Liabilities</b>	
26000 - Deferred Revenue - Long Term	\$6,489,826.05
27000 - Long Term Liabilities	\$31,902,762.46
<b>Total Long Term Liabilities</b>	\$38,392,588.52
<b>Equity</b>	\$54,700,317.69
<b>Total Liabilities &amp; Equity</b>	\$100,307,300.72

## HS Group Holding Company (Consolidated) Income Statement - Jan. to Mar. 2025

Financial Row	Amount
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
Franchise Royalties	\$4,547,623.62
Franchise Fees	\$384,646.88
Service Revenue	\$1,432,913.80
Company Store Revenue	\$2,032,980.10
Products, Parts, & Service Revenue	\$1,488,150.73
Other Revenue	\$1,473,966.23
<b>Total Income</b>	<b>\$11,360,281.36</b>
<b>Cost Of Sales</b>	
Labor	\$769,019.82
Freight	\$64,091.88
Product & Materials	\$787,898.48
Vehicle	\$147,896.91
Miscellaneous	\$415,066.02
<b>Total - Cost Of Sales</b>	<b>\$2,183,973.11</b>
<b>Gross Profit</b>	<b>\$9,176,308.25</b>
<b>Expense</b>	
Compensation & Benefits	\$4,540,762.62
Rent & Utilities	\$433,283.27
Information Technology	\$723,664.35
Professional Services	\$1,045,534.04
Marketing & Advertising	\$1,437,040.58
Travel & Entertainment	\$249,326.76
Vehicle	\$15,478.07
Office & Administrative	\$345,759.04
<b>Total - Expense</b>	<b>\$8,790,848.73</b>
<b>Net Ordinary Income</b>	<b>\$385,459.52</b>
<b>Other Income and Expenses</b>	
<b>Other Income</b>	\$441.06
<b>Other Expense</b>	
Depreciation & Amortization Expense	\$2,264,200.27
Taxes	(\$5,407.22)
Other Expense	\$1,159,948.36
Rounding Gain/Loss	(\$0.02)
Realized Gain/Loss	\$1,028.90
Unrealized Gain/Loss	(\$2,820.51)
<b>Total - Other Expense</b>	<b>\$3,416,949.79</b>
<b>Net Other Income</b>	<b>(\$3,416,508.73)</b>
<b>Net Income</b>	<b>(\$3,031,049.20)</b>

## GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the “Guarantor”), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **MEN IN KILTS US, LLC**, located at 77 North Washington Street, Boston, MA 02114 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 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 Frisco, Texas on the 28 day of April, 2025

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: 

Name: Theodore DeMarino

Its: Chief Executive Officer

**EXHIBIT C**

**MEN IN KILTS US, LLC**  
**FRANCHISE AGREEMENT**



**EFFECTIVE DATE** \_\_\_\_\_

**MDP # -** \_\_\_\_\_

## MEN IN KILTS FRANCHISE AGREEMENT

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## EXHIBITS

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- B. Field Service Software Terms
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## MEN IN KILTS US, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made by and between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 N. Washington Street, Boston, Massachusetts 02114 (hereinafter “Franchisor” or “MIK” or “we” or “us” or “our”), and \_\_\_\_\_, an individual or a corporation/limited liability company established in the State of \_\_\_\_\_ with a primary residence or principal place of business at \_\_\_\_\_ (hereinafter “Franchisee” or “you” or “your”) and, if Franchisee is a partnership or other business entity, “you” or “your” includes the individual partners, shareholders, or members of such entity

### INTRODUCTION

Franchisor owns certain trade names, trademarks, service marks, e-names, trade dress, logos, symbols, proprietary marks, and other indications of origin, including but not limited to the word mark “Men In Kilts” and such other trade names, trademarks, service marks, e-names, trade dress, proprietary marks, associated logos and symbols as are now or hereafter designed by us (and as may hereafter be designated by us in writing to you) (collectively, the “Licensed Marks”) and has developed a plan and system for the operation of a business providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services (the “System”). Franchisor desires to grant a right to qualified franchisees to use the System and the Licensed Marks to develop and operate a business that provides on location window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services (the “Franchise”). Franchisee, by entering into this Agreement, has agreed to purchase a license to operate a Franchised Business and is prepared to operate the Franchised Business in accordance with the terms of this Agreement and the policies and procedures established by Franchisor and updated by it from time-to-time.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### **1. Grant of Franchise.**

(a) Subject to all of the terms and conditions of this Agreement, we license to you the right and obligation to operate a Franchise utilizing the System and the Licensed Marks (the “Franchised Business”) within the geographic area described in Exhibit A (the “Territory”), attached hereto and made a part hereof by this reference.

#### **2. Term and Renewal.**

(a) This Agreement shall take effect in accordance with Section 39 below (the “Effective Date”) and, unless terminated pursuant to Section 12, shall continue in effect for a term of seven (7) years (the “Term”).

(b) You may be eligible to renew your Franchise for one additional term equal to the then-current term we are generally offering for new Men In Kilts franchises, so long you meet all conditions of renewal set forth in Section 2(d).

(c) You must notify us that you intend to seek renewal of the Franchise by providing written notice not less than six (6) months prior to the expiration of the Term. Failure to provide the required notice shall act as a waiver of your option to renew.

- (d) You may be eligible to renew the Franchise if you:
  - (i) Provide us with the notice required under Section 2(c);
  - (ii) Are not in default under this Agreement, or any other agreement ancillary hereto;
  - (iii) Have not received three (3) or more notices of default during the Term, regardless of whether you cured the default(s);
  - (iv) At the time when you are offered a franchise agreement under subsection (vi) below, have paid all Continuing Royalties, fees, and any other amounts due and owing to us and any of our affiliates;
  - (v) Are not in default beyond the applicable cure period with us or any of our affiliates or any of your vendors or suppliers;
  - (vi) Enter into the then-current form of franchise agreement offered by us, which may contain terms different from those contained herein including, but not limited to, different performance standards, renewal terms, royalty structures or fees, and territory, along with the Renewal Amendment attached as Exhibit I; and
  - (vii) Pay the renewal fee of two thousand, five hundred dollars (\$2,500). If you are renewing more than one Franchise on or about the same date, Franchisor may, in its sole discretion and subject to applicable state and federal laws, charge a single renewal fee for all of the Franchises you are renewing.

(e) If Franchisee does not sign a new franchise agreement prior to the expiration of the Term of this Agreement, and Franchisee continues to accept the benefits of this Agreement thereafter, then at the option of Franchisor, this Agreement shall be deemed to: (1) have expired as of the date of its stated expiration, with Franchisee then operating without a Franchise and in violation of Franchisor's rights; or (2) be continuing on a month-to-month basis (the "Interim Period") until one party provides the other with written notice of such party's intention to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of such notice to terminate the Interim Period. Notwithstanding anything set forth herein to the contrary, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if the Term of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

### **3. Territory.**

(a) You shall receive a Territory, as described on Exhibit A, in which to operate the Franchised Business.

(b) Except as set forth in Section 3(e) below, for so long as you are not in default of this Agreement or any other agreement with us, we shall not operate, or grant any other party the right to operate, a business providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services under the Licensed Marks, the physical premises of which is located in the Territory.

(c) Franchisee acknowledges that the foregoing restriction does not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:

- (i) Operating, or allowing others to operate, similar or identical businesses that are physically located outside the Territory, whether under the Licensed Marks or other trade or service marks, even if the businesses compete with your Franchised Business;
- (ii) Operating, or allowing others to operate, businesses located inside the Territory under the Licensed Marks or other trade or service marks that do not compete with your Franchised Business;
- (iii) Selling products to third parties even if the same or similar products are sold or provided to you for use or resale in the Franchised Business, whether the third parties are located in the Territory or otherwise and whether under the Licensed Marks or other trade or service marks;
- (iv) Selling goods or services, or granting others the right to sell goods or services, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing), regardless of whether those goods or services are similar to or competitive with those sold by your Franchised Business or are sold using the Licensed Marks or other trade or service marks, or are sold inside or outside the Territory;
- (v) Advertising, or authorizing others to advertise, in any location while using the Licensed Marks, including inside and outside of the Territory.
- (vi) Acquiring businesses that are similar to or competitive with your Franchised Business;
- (vii) Selling all or substantially all, of Franchisor's assets to any third party regardless whether such third party operates, or franchises the operation of businesses similar to your Franchised Business.

(d) You may not relocate the Franchised Business outside the Territory. For so long as you have our permission, which may be withdrawn at any time, you may perform services for customers geographically located outside the Territory, so long as the customer is not geographically located within the territory assigned to another franchisee, or to an affiliate of ours performing services under the Licensed Marks. You must pay a Premium Royalty (as defined below) on sales to customers located outside of the Territory. If you are servicing a customer outside the Territory and we grant a territory to another franchisee which includes that customer's location then you must cease servicing such customer and immediately provide all information regarding the customer to the franchisee who has purchased the territory so they can properly and timely service such customer. You shall receive no compensation for such cessation of service or information delivery. You may not advertise or solicit sales or accept orders within the territory of another MIK franchised business. If you fail to observe these terms and conditions, we have the right to immediately terminate this Agreement.

(e) National Accounts. We retain the right to approach and solicit customers within your Territory, regardless of whether you currently provide services to them, to develop them as a National Account. A National Account is a customer or group of customers or a potential customer that operates under common ownership or control, or under the same trademarks or service marks through independent franchisees, independent dealerships, or some other association, as we may designate and which operates in two or more locations that are not exclusively within the territory of a single MIK franchisee. We retain the exclusive right to negotiate National Accounts and set the contract terms, conditions and prices for servicing such accounts. If you have a pre-existing relationship with a National Account location in your Territory and the customer allows it, you may continue to provide services to that location under the terms of its existing arrangement with you. Unless we independently determine that you are unable to provide the services needed to maintain a specific National Account location in your Territory, we will notify you

in writing of the opportunity to service that National Account location under the terms, conditions and prices that we and the national account have established. Within 10 days of this notice, you must notify us in writing whether or not you accept the duties, obligations and rights under the National Account contract and will render such services to the National Account location at the prices set forth in the contract (such prices may be less than the prices normally charged by you to your customers). Your failure to timely respond to any such notice shall signify your election not to service the National Account location in your Territory. We may, directly or through our designee, service any National Account location in your Territory that you decline to service or that we independently determine you cannot adequately service.

#### **4. Training and Operating Support.**

(a) **Initial Training.** Franchisor shall provide, at a location of its choice, which may be virtually, an initial training program, the timing and requirements of which may vary depending on Franchisee's experience and Franchisor's current standards (the "**Initial Training Program**"). You or you majority owner if you are a business entity (the "**Operating Principal**"), and any General Manager must complete the Initial Training Program to our satisfaction within one hundred twenty (120) calendar days after the Effective Date, unless otherwise approved by us in writing. The Initial Training Program will be provided without charge for up to two (2) attendees, attending together, one of whom must be the Operating Principal. Any additional attendees, whether attending together or separately, will be subject to Franchisor's then-current fee for attendees at the Initial Training Program. Travel and living expenses incurred by individuals attending training on Franchisee's behalf shall be the responsibility of Franchisee.

- (i) If Franchisor has approved a General Manager to manage the Franchised Business, such manager must complete the Initial Training program to Franchisor's satisfaction in addition to the Franchisee or its Operating Principal.
- (ii) Failure to timely complete the Initial Training Program to our satisfaction is a material breach of this Agreement and gives us the right to immediately terminate this Agreement and retain all amounts you have paid to us. You are not required to attend the Initial Training Program if you are entering into this Agreement as a renewal of your Franchise.
- (iii) Following the commencement of operations of the Franchised Business, any new General Manager(s) must attend and satisfactorily complete such portions (or all) of the Initial Training Program as required by Franchisor within thirty (30) days of their start of employment or when they begin managing the Franchised Business, whichever is earlier. You may also request permission for your employees to attend the Initial Training Program scheduled for other franchisees. Franchisor will charge its current fee for such additional training, and Franchisee must pay the fee for such training prior to the beginning of such training. Travel and living expenses incurred by individuals attending training on Franchisee's behalf in connection with the Initial Training Program shall be the responsibility of Franchisee.

(b) **Additional Training.** Franchisor may provide additional training to Franchisee from time-to-time, either at Franchisor's direction or upon request from Franchisee. Such training shall be held at a location determined by Franchisor or may be provided virtually. Franchisor will charge a registration fee or program fee for such training. Franchisee shall be responsible for all costs of attending such training, including travel, lodging, and meal expenses. All applicable fees for additional training must be paid prior to the time such training begins. If we provide training on-site at your location, you will be responsible for our costs and expenses, including travel, hotel/lodging, meals and transportation, and you must pay our then-current hourly rate, which as of the Effective Date is \$75 per hour per trainee.

(c) Additional Required Training. From time-to-time Franchisor may require Franchisee and its management employees, including its General Manager, to undergo certain training on various topics, including operations, new procedures, or new product or service offerings and ongoing certifications or recertifications on various topics related to the Franchised Business. Such training shall be held at a location determined by Franchisor or may be provided virtually. Franchisor will charge a registration fee or program fee for such training. Franchisee shall be responsible for all costs of attending such training, including travel, lodging, and meal expenses. All applicable fees for required training must be paid prior to the time such training begins. If we provide training on-site at your location, you will be responsible for our costs and expenses, including travel, hotel/lodging, meals and transportation, and you must pay our then-current hourly rate, which as of the Effective Date is \$75 per hour per trainee.

(i) If Franchisee fails to provide services that meet Franchisor's standards, specifications, or procedures, Franchisor shall have the right to assign such person or persons that it deems necessary to provide additional training to Franchisee or its personnel to assure that such standards of quality and service are maintained. If we provide training on-site at your location, you will be responsible for our costs and expenses, including travel, hotel/lodging, meals and transportation, and you must pay our then-current hourly rate, which as of the Effective Date, is \$75 per hour per trainee.

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

(e) Ongoing Support. Franchisor will be available during normal business hours, and without charge to Franchisee, to provide Franchisee with reasonable telephone and email support on operating issues concerning the Franchised Business.

(f) Confidential Manual(s). Franchisor shall provide to Franchisee, solely in electronic form, one or more manuals for use in the Franchised Business, which manuals may consist of brand standards, operations, and customer service manuals or otherwise (the "Manual(s)"). The Manual(s) are not to be copied in whole or in part, shall remain the property of Franchisor, and shall always be safely secured. Franchisee shall at all times use and reference only the most current or updated Manual(s). Franchisor may, from time to time, add to or modify some or all of the Manual(s) to supplement or to improve the System as it determines in its sole discretion.

(g) Forms and Templates. Franchisor may provide to Franchisee various example forms and templates Franchisee may use in the operation of the Franchised Business. Franchisor makes no representation or warranty as to whether any such forms or templates meet the legal requirements of the jurisdiction in which you do business. Franchisee acknowledges that it is Franchisee's responsibility to modify such forms and templates to meet all laws and regulations applicable to the Franchised Business. Franchisor may from time to time update the forms and templates provided to Franchisee. Upon provision of an updated form or template to Franchisee, Franchisee must immediately discontinue use of any prior version and only use the new version of the form or template thereafter.

(h) Level of Services. Franchisor is not obligated to perform any services to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 18.

## **5. Operation of the Franchised Business.**

You shall operate the Franchised Business in accordance with high standards of quality, appearance and operation. For the purpose of enhancing the public image and reputation of the System and for the purpose of increasing the demand for services and products provided by System franchises and us, you hereby agree as follows:

(a) Opening. You must open the Franchised Business no later than one hundred twenty (120) days from the Effective Date. If this Agreement is signed as part of the purchase of multiple territories, then you may be required to sign the Multi-Territory Development Addendum, attached hereto as Exhibit K and your deadline to open the Franchised Business will be set forth in the Addendum. If you fail to timely open your Franchised Business we have the right to terminate this Agreement and in such case retain all amounts you have paid to us and our affiliates.

- (i) You must operate the Franchised Business from a location inside your Territory and such location must be selected by you and approved by us prior to opening. If you own and operate more than one Franchised Business, we may consent to you operating from a location in an adjacent and contiguous Territory, provided you demonstrate to our satisfaction that such location will not impair your ability to service customers in the Territory. You may not change your Franchised Business location without our prior written approval.
- (ii) Before opening the Franchised Business, you shall, at your sole expense, furnish to us for approval, certifications from all governmental authorities having jurisdiction over the Franchised Business that all necessary permits and licenses have been obtained and that all requirements for operation of the Franchised Business have been met.
- (iii) Before opening the Franchised Business, you shall purchase or lease at least one (1) vehicle that is specifically approved by us as to make and model. This vehicle must meet all of our standards and specifications, including that it be painted and/or wrapped with graphics and decals according to our specifications. You shall continue to have at least one (1) approved vehicle at all times during the Term of this Agreement. You shall maintain all vehicles used in the operation of the Franchised Business in good appearance and operating condition.

(b) Management of the Business. You or your majority owner if you are an entity, must manage the Franchised Business on a full-time basis, unless we approve otherwise in writing. Our approval shall be conditioned, at a minimum, on your demonstrating, to our satisfaction, that you have adequate management in place to operate the Franchised Business according to our standards and specifications. If Franchisor approves you to have a manager for the Franchised Business, such manager shall be responsible for the general operation and management of the Franchised Business and for establishing, implementing, monitoring, and enforcing Franchisor's policies (the "General Manager").

(c) Owners; Novation. If Franchisee is an entity, including a corporation, limited liability company or partnership, each owner of Franchisee as of the Effective Date, as well as any future owners, must sign Franchisor's then-current Guaranty at the time such individual becomes an owner of Franchisee. The current form of Guaranty is attached hereto as Exhibit D. Franchisee shall immediately notify Franchisor of any change in any of the information in the Statement of Ownership and Management last submitted to Franchisor. Further, upon request of Franchisor, Franchisee shall provide Franchisor with an updated Statement of Ownership and Management. If this Agreement is signed by an individual, then before opening the Franchised Business you shall, at your sole expense, establish a corporate entity (i.e., a C-corp, S-corp, LLC, etc.) of your choosing and provide us with all requested information regarding such entity. You shall also, at your sole expense, agree to amend, assign or novate this Agreement so that your corporate entity shall be the counterparty to this Agreement and the legal operator of the Franchised Business. A form of Novation Agreement is attached as Exhibit J.

(d) Minimum Days/Hours. You must operate the Franchised Business at a minimum during the days of the week and hours of service specified by us, subject to applicable law.

(e) Quality Service. You shall conduct the Franchised Business in accordance with our professional and ethical image which you acknowledge is an integral part of the System. You shall, at all times, adhere to the highest standards of integrity and ethical conduct in the operation of the Franchised Business and otherwise. You shall utilize your best efforts, skill, and diligence to ensure that you and your employees, contractors, and agents establish and maintain high quality service to all doing business with the Franchised Business, including customers and vendors. At all times, Franchisee shall conduct its business in a manner that will preserve and enhance the goodwill associated with the Licensed Marks and in accordance with the standards of Franchisor.

(f) Products and Services. Franchisee shall not offer any products or services through the Franchised Business or under the Licensed Marks that are not approved by Franchisor. All such products and services must meet Franchisor's standards and specifications. Franchisor reserves the right to add additional products and services which you must offer and further reserves the right to withdraw any products or services authorized by it. Franchisee may not use the Franchised Business to operate any other business, or offer any products or services, that have not been approved by Franchisor. Franchisee shall purchase and use such supplies, products, ingredients, furniture, fixtures, and equipment to offer any products or services that Franchisor may from time to time require.

(i) Franchisee shall set its own pricing for the products and services it offers in the Franchised Business; provided, however, Franchisee shall adhere to any minimum and maximum prices prescribed by Franchisor for services or products offered by Franchisee, along with any promotions, discounts and/or national pricing programs required by Franchisor, in accordance with applicable law.

(ii) If you desire to purchase any services or products from suppliers that we have not previously approved, you or the supplier must submit a written request for such approval to us. As a condition of our approval, we may require that our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to us or our designee for testing. You will be responsible for the cost of any testing or inspection that is required. Within thirty (30) days after we have received from you all information we require and we have completed any testing we believe is necessary, we will issue a decision in writing. Such decision may be a determination that additional time is needed to complete the review. Any denial will state the reasons. In the event we do not provide you with a written decision, the request shall be deemed denied.

(g) Compliance with Specifications and Procedures. Franchisee acknowledges that the Manual(s) are designed to protect Franchisor's standards and System, and the Licensed Marks, and not to control the day-to-day operation of the Franchised Business or the employment practices of Franchisee. Franchisee shall comply with all rules, regulations, and directives specified by Franchisor as well as all mandatory standards, specifications, and procedures contained in the Manual(s), as amended from time to time, and shall adopt and adhere to the policies of Franchisor. Franchisor specifically reserves the right to modify or change such rules, regulations, and directives and to amend or update the Manual(s) in its sole discretion.

- (i) You are solely responsible for all costs of compliance with modifications or changes to the System's rules, regulations and directives.
- (ii) The failure to comply with all of Franchisor's rules, regulations, and directives is a material breach of this Agreement.

(h) ISP; Equipment. Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service that meets Franchisor's standards. Franchisee may not integrate, directly or indirectly, any third party software into the computer or other technology systems of Franchisor. Unless otherwise agreed by Franchisor, Franchisor shall have no obligation to integrate into its computer or other technology systems, any third party software used or otherwise requested by Franchisee.

- (i) Franchisee shall only use Men In Kilts branded email licenses obtained from Franchisor in its communications with customers, suppliers or any other third parties, in the development, promotion and operation of the Franchised Business.
- (ii) Franchisee shall use all software and other systems specified or provided by Franchisor, an affiliate or any third party, for use in the operation of the Franchised Business, including field service software, financial management software, any other software or systems specified or provided by Franchisor. Franchisee shall purchase or lease such software from Franchisor, its affiliate or another supplier approved by Franchisor and shall pay all such fees and other charges for such software, at the times and in the manner required by the Franchisor or the seller of the software.
- (iii) Franchisor and its affiliates or vendors may issue credentials or other forms of access, licenses, or permissions to their systems and software. You will not share any credentials, licenses, permissions, passwords or other form of access to any software or systems with any third party. Franchisor shall have independent access to all data generated or stored in your computer systems and software, excluding any employment records, and Franchisee shall provide Franchisor, upon request, with any passwords or login ability necessary to access all such software or systems.
- (iv) Franchisee may not authorize any third party, including, but not limited to, vendors, marketers and sales agents, to connect to any of Franchisor's systems or software without Franchisor's prior written approval.
- (v) Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System. Franchisee shall maintain a working email address to communicate with Franchisor.

- (vi) Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee.
- (vii) Franchisee will not devise, develop or implement any modifications or changes to any of the software or systems used by the Franchise System without Franchisor's prior written approval.

(i) Privacy and Security. Franchisee shall comply with all standards, laws, rules, regulations, or any equivalent thereof relating to the possession, use, control, processing, transfer, sale and storage of all data, including personally identifiable information, sensitive personal information and financial information, data privacy, and data protection, including but not limited to, as applicable, the California Consumer Privacy Act, Cal. Civ. Code Section 1798.100 et seq. Franchisee must comply with any privacy policies, security protocols or policies, data protection protocols or policies and breach or incident response protocols or policies that Franchisor may periodically establish or revise. Franchisee shall take all action necessary to ensure that all payment processing activity is PCI-DSS compliant and shall certify compliance to Franchisor upon request. Franchisee shall comply with all of Franchisor's standards, practices, policies and protocols governing the selection and use of third-party vendors for compliance, technology, security or privacy. Franchisee shall comply with all protocols and practices, whether at the direction of Franchisor or a third-party approved by Franchisor or under applicable law, for protecting itself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee assumes all responsibility for providing all notices of breach or compromise and all duties to monitor credit histories, and transactions concerning customers of the Franchised Business, unless otherwise directed by Franchisor. Franchisee waives any and all claims Franchisee may have against Franchisor or its affiliates, parents, vendors, agents and consultants as the direct or indirect result of such disruptions, failures, or attacks. If Franchisee suspects or knows of a security breach, Franchisee shall immediately give notice of such security breach and promptly identify and remediate the source of any compromise of security breach at its expense. Franchisee shall indemnify and hold harmless Franchisor from any suits, demands, actions, complaints, claims, investigations, fines, penalties, compliance actions and any other costs, including legal fees, compliance fees and damages, arising out of Franchisee's failure to comply with applicable data privacy or data security laws, regulations, standards, protocols or policies or any other matter addressed in this Section.

(j) Mobile Applications. Franchisor may develop and provide one or more mobile technology applications for Franchisee's use in the operation of the Franchised Business. If Franchisor provides such applications, Franchisee shall use the applications and its functionality only as Franchisor shall specify and shall pay all fees or other charges required by Franchisor for use of the application.

(k) Telephones; Customer Communication. Franchisee must acquire the right, title, and interest in and to the number of telephone numbers and regular, classified, yellow-page, and other telephone directory listings to use in the operation of the Franchised Business, as required by Franchisor. Franchisee shall enter into the Telephone Listing Agreement attached hereto as Exhibit E. Franchisor may provide Franchisee with call-routing services to facilitate communication between Franchisee and any existing or potential customers. Franchisee shall pay the amounts charged by Franchisor for these services at the times and by the method Franchisor may require from time-to-time. Franchisor shall also have the right to handle phone inquiries from potential and existing customers of the Franchised Business that call Franchisor's customer service number(s). Franchisee shall pay all amounts charged by Franchisor for these services at the times and by the method Franchisor may require from time-to-time. Franchisee acknowledges that it has no right, title or interest in any of Franchisor's telephone numbers which shall be owned by Franchisor

including, but not limited to, any customer service number that may be used by potential or existing customers of the Franchised Business.

(l) Technology and Upgrades. Franchisee must subscribe to or obtain, and maintain and upgrade as needed, at Franchisee's expense, and use for communicating, reporting, managing, and operating the Franchised Business in the form and method prescribed by Franchisor, all hardware, software, systems and services selected and approved by Franchisor, including but not limited to computer equipment, mobile devices, point-of-sale software, field service software, accounting software, payment processing, security software and services, communications software and marketing software. Franchisee shall be responsible for all costs, fees and charges for the purchases, subscriptions, maintenance and improvements required by this Section. For the avoidance of any doubt, Franchisor may require Franchisee to upgrade any technology used by Franchisee in the Franchised Business at any time and without regard to any expenditure or frequency limitations. Additionally, there shall be no limit on Franchisor's right to require Franchisee to replace its computer system, to replace or upgrade hardware or software used by Franchisee in the Franchised Business, or to require Franchisee to purchase additional hardware or software that Franchisor may select for use in the Franchised Business.

(m) Changes. Nothing in this Agreement limits the frequency or cost of future changes to the System that Franchisor may require. Franchisee understands and agrees that Franchisor has no ability to identify with specificity the nature of these future general improvements or their expected cost and accepts the risk that future general improvements may be imposed that will require significant capital expenditures in an amount that is unknown on the Effective Date and that cannot be fully amortized over the period of time then remaining in the Term of this Agreement.

(n) Programs. Franchisee must participate in, comply with all terms and conditions of, and pay all charges related to, all programs Franchisor may require Franchisee to participate in from time to time, including any gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer, reciprocity, membership or loyalty programs. The terms and conditions of any such programs, as well as the programs themselves, may be modified or terminated at any time by Franchisor in its sole and absolute discretion. Franchisee shall comply with all policies related to any such programs. Franchisee shall not create or issue its own gift card, gift certificate, rewards, coupon, customer satisfaction, or frequent customer or other membership programs.

(o) Gift Cards. Franchisee shall only sell, issue, and redeem (without any offset against any fees payable to Franchisor) gift cards and gift certificates in accordance with procedures and policies specified by Franchisor, including those relating to procedures by which Franchisee shall request reimbursement for such gift cards or gift certificates and for making timely payment to Franchisor, other MIK franchisees, or third-party service providers for gift cards or gift certificates issued from the Franchised Business that are honored by Franchisor or other MIK franchisees.

(p) Provision of Information. Franchisee acknowledges and agrees that any and all information provided to Franchisee by Franchisor or any affiliate of Franchisor under this Agreement may be provided in such manner and by such media as Franchisor may determine, including, without limitation, by electronic and/or computer means. Franchisee also specifically agrees that Franchisor and any affiliate of Franchisor or any third-party supplier approved by Franchisor may communicate with Franchisee by fax, email, or other electronic communications.

(q) Improvements. If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System, including any new products, trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion, or marketing ideas related to the Franchised Business, or have any suggestions, comments or other feedback with respect to the System (collectively, "Improvements"), Franchisee shall fully disclose the

Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and its affiliates and all other franchisees of Franchisor without any liability to you or obligation to Franchisee for royalties or other compensation. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

(r) Franchisee Control. Franchisee acknowledges that it is responsible for the day-to-day operation of its Franchised Business, including hiring; setting the conditions of employment; supervising, discipline, and termination of all personnel; purchases or leases and maintenance of equipment and supplies; maintenance of employment records; and daily maintenance, safety, security, and the achievement of compliance with the System. Franchisor's ability to approve certain matters, to inspect the Franchised Business, and to enforce its rights, exists only to the extent necessary to protect its interest in the System and the Licensed Marks. Neither the retention nor the exercise of these rights is for the purpose of establishing any control, or the duty to take control, over those matters that are clearly reserved to Franchisee. Franchisee's employees are not Franchisor's agents or employees and Franchisor is not a joint employer of these individuals. Franchisee is solely responsible for performing all administrative functions at the Franchised Business, including payroll and providing workers' compensation insurance. Franchisee acknowledges that it is not economically dependent on Franchisor, and that Franchisor does not provide facilities, equipment, or house or transport Franchisee's employees or provide to Franchisee's employees tools or materials required for Franchisee's employees to perform services for Franchisee.

(s) Taxes. Franchisee shall promptly pay when due all taxes levied or assessed by reason of its operation of the Franchised Business. Franchisee further shall secure and pay premiums on a workers' compensation policy covering all of its employees and, if applicable, shall pay all state unemployment taxes, state sales taxes, and all other taxes and expenses of operating the Franchised Business. In the event of any bona fide dispute as to the liability for any taxes assessed against Franchisee, Franchisee may contest the validity or amount of the tax in accordance with procedures of the taxing authority. In no event, however, shall Franchisee permit a tax sale or seizure by levy of execution or similar writ or warrant to occur against the Franchised Business, or any part thereof.

(t) Customer Complaints. You shall promptly respond to any and all customer inquiries or complaints and achieve customer satisfaction through feasible means, including, but not limited to, refunds or corrective action, as well as take such other steps as may be required by us to ensure positive customer relations and maintain the goodwill and reputation of the System. At our sole discretion, Franchisor may intervene to address unresolved customer complaints or inquiries. You must reimburse us for all our costs associated with any such customer intervention.

(v) Third-Party Actions. You will notify us, in writing, within twenty-four (24) hours of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against you, and of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of the Franchised Business, us, or the goodwill associated with the Licensed Marks including, without limitation, any criminal action or proceedings brought against you or by you against your employees, customers, or other persons. You agree that you will not commence any action, suit or proceeding that affects us, or the goodwill associated with the Licensed Marks, without our prior written approval.

(w) Compliance with Laws. Franchisee shall comply with all laws and regulations applicable to its Franchised Business, including all zoning laws, licensing and permitting requirements, anti-discrimination laws, laws regarding the protection of private information, the Americans with Disabilities Act, and environmental and disposal laws.

(x) Specifications and Suppliers. Unless Franchisor otherwise approves, the equipment, supplies, computer hardware, software and other technology systems, including payment processing systems, mobile devices, point-of-sale software, field service software, accounting software, payment processing software, security software, communications software, marketing software, electronic applications, insurance and advertising and marketing materials, must meet Franchisor's specifications as they may be provided to Franchisee from time to time. From time to time, Franchisor may provide Franchisee a list of approved suppliers of certain of these items or other items or services necessary to operate the Franchised Business. The approved source of supply for any individual item may be Franchisor, an affiliate of Franchisor, or an independent third party. Franchisor, an affiliate, or an unrelated third party may be the sole source of supply for an item. Franchisee acknowledges and agrees that Franchisor or its affiliates may derive revenue or other benefits based on Franchisee purchases and leases, including from charging Franchisee for products and services Franchisor or its affiliates provide to Franchisee and from rebates, promotional allowances, volume discounts, and other payments made to Franchisor by suppliers that Franchisor approves for its franchise system. Franchisor and its affiliates may use all amounts received from suppliers, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes it deems appropriate. If you derive any revenue based on payments or promotional allowances received from suppliers and/or distributors, you must report to us the details of the arrangement and such revenue shall be included as part of your Gross Consumer Sales.

## 6. Fees.

(a) Initial Franchise Fee. The initial franchise fee for the purchase of the Franchise is \$38,000 (the "Initial Franchise Fee"). The Initial Franchise Fee is due and payable upon your execution of this Agreement unless you are financing a portion of it, in which case you shall execute the Promissory Note attached as Exhibit H to this Agreement. The Initial Franchise Fee shall be deemed to have been earned by Franchisor upon the execution of this Agreement and shall not be refundable unless you have executed the Franchise Option Amendment attached as Exhibit G to this Agreement.

(b) User Licenses and Support. You must purchase licenses and tenant accounts for certain software that we require you to use in the operation of the Franchised Business. You must pay our then-current fees for such licenses. As of the Effective Date, the fee for (i) email user licenses is \$12 per license per month, (ii) field service software is \$475 per tenant account per month (each tenant account includes 10 user licenses), (iii) our toll-free telephone number and call-routing system is \$20 per month, and (iv) financial management software is \$15 per license per month. You may purchase additional field service software user licenses for \$47.50 per pack of ten licenses. Franchisor shall determine, in its sole discretion and business judgment, the number of field service software accounts required to operate your Franchised Business. You must enter into the terms of service for the field service software attached hereto as Exhibit B.

(c) Royalty. You must pay us a monthly continuing royalty (the "Continuing Royalty") which shall be six percent (6%) of your Gross Consumer Sales or the minimum royalty (the "Minimum Royalty") as specified in Section 6(d), whichever is greater.

(i) "Gross Consumer Sales" shall mean and include all revenues and income from whatever source derived and/or received by you from, through, by or on account of the operation of the Franchised Business and any other similar business in which you are involved, whether

received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is received therefore) or otherwise. You may not deduct rebates or referral fees from Gross Consumer Sales. There will be deducted from Gross Consumer Sales for purposes of such computation (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and if such taxes are timely paid to the appropriate taxing authority. There will be further deducted from Gross Consumer Sales the amount of any documented refunds, charge backs, credits and allowances given in good faith to customers by you, but only to the extent that such refunds, charge backs, credit and allowances are given on account of payments that were previously included in Gross Consumer Sales. All barter and/or exchange transactions pursuant to which you furnish services and/or products in exchange for goods or services to be provided to you by a vendor, supplier or customer will, for the purpose of determining Gross Consumer Sales, be valued at the full retail value of the goods and/or services so provided to you. You shall submit to us on or before the then current required due date, in a form satisfactory to us, a signed, correct statement of Gross Consumer Sales made during the preceding calendar month, or period required, and the operating data file of the Franchised Business operated by you (“Monthly Gross Consumer Sales Statement”).

(ii) If you fail to submit to us a Monthly Gross Consumer Sales Statement on or before the then-current required due date for any month, then we shall estimate your Gross Consumer Sales based upon your recent history of Gross Consumer Sales and any additional relevant information available to us and shall deduct the Continuing Royalty based on that estimate directly from your primary business checking account on the due date. Once you submit a signed correct Monthly Gross Consumer Sales Statement for that month, we shall either take an additional payment or credit you as appropriate.

(d) Minimum Royalty. Beginning with the first day of the thirteenth (13th) month after you commence operation of the Franchised Business in the Territory, you must pay a Minimum Royalty of \$600 or the Continuing Royalty, whichever is greater. Beginning with the first day of the twenty-fifth (25th) month after you commence operation of the Franchised Business, you must pay a Minimum Royalty of \$1,200 or the Continuing Royalty, whichever is greater. If this Agreement is signed as part of the renewal of the Franchise or as part of the transfer of an existing franchise to you, then the Minimum Royalty shall be payable beginning on the Effective Date.

(e) Premium Royalty. In addition to the Continuing Royalty, you shall pay an additional royalty of two and one-half percent (2.5%) of the monthly Gross Consumer Sales from customers located outside of your Territory (the “Premium Royalty”).

(f) Brand Fund Fee. You shall pay us a “Brand Fund Fee” equal to two percent (2%) of your Gross Consumer Sales for the applicable month. The Brand Fund Fee with respect to each month is payable at the same time as the Continuing Royalty. The Brand Fund Fee is non-refundable.

(g) Additional or Changed Fees or other Amounts. You shall pay to us and any third parties approved by us, the then-current fees for any software, equipment, materials, products, services or other items that you purchase from us or any third party, or that you are required to purchase from us or any third party, or that we or any third party approved by us provides to you, under the System and in accordance with this Agreement. We can change or modify from time to time the equipment, supplies, materials, products, technology or other items that you use in your Franchised Business, and the prices charged for any of such items, and require you to use new items or services in your Franchised Business. You must comply with the foregoing and pay all fees and other amounts for such items or services, whether charged by us or a third party.

(h) Increases. Franchisor shall have the right to increase any fees or other amounts charged Franchisee, excluding the Continuing Royalty, the Minimum Royalty, the Premium Royalty and the Brand Fund Fee. Franchisor may not increase any fee or other amount more than once each calendar year. Except as set forth below, such increase shall not exceed ten percent (10%) of the then-current fee or other amount for such year. Adjustments are compounded annually and cumulative including increases in any given year of greater than ten percent (10%) to adjust for prior years when no increase was implemented or an increase of less than ten percent (10%) was made. Franchisor shall provide thirty (30) days notice of any such changes. The annual adjustment cap discussed above is not applicable to any fee that is “optional”, meaning that it is charged by Franchisor or a third party for a service or product that Franchisee is not required to purchase or use under the terms of this Agreement. It also does not apply to fees or other charges where Franchisor or an affiliate are collecting fees or other amounts on behalf of third-party suppliers.

(i) Timing. Unless otherwise stated herein, all fees in this Agreement shall be due and payable beginning with the month in which the Franchised Business commences operations in the Territory.

## **7. Payments.**

(a) Electronic Funds Transfer. Franchisee shall remit all amounts due hereunder to Franchisor or its affiliates via electronic-funds transfer/direct debit or such other means as required by Franchisor. You must sign and deliver to us an irrevocable EFT Authorization in the form attached hereto as Exhibit F to enable our financial institution to debit your primary bank account in order to pay us all amounts due to Franchisor or its affiliates. Franchisee will, at all times during the term of this Agreement, maintain a balance in its bank account sufficient to allow the appropriate amount to be debited from Franchisee’s account for payment of all amounts due hereunder. All costs and expenses, including any resulting from the rejection by your bank of any electronic funds transfer, shall be your sole responsibility. The EFT Authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of this Agreement.

(b) Timing of Payment. The Continuing Royalty, Brand Fund Fee and all other fees shall, unless otherwise stated herein, be payable on or before the last business day of each calendar month, beginning on the month following the first full month after the date we have determined that the Franchised Business has commenced operations. If this Agreement is entered into in connection with a renewal of the Franchise or transfer of the Franchised Business, then all fees and other amounts shall be payable beginning as of the Effective Date. Any other amounts owed to Franchisor or its affiliates shall be due and payable within ten (10) days following Franchisee’s receipt of an invoice therefor. Franchisor reserves the right, upon thirty (30) days’ prior notice to Franchisee, to change the frequency of payment of any fees or other amounts, their date due, and the method for payment, as Franchisor may in its sole discretion determine. If any payment date is not a business day, the payment date shall be the immediate next business day.

(c) Late Payments; Interest; Partial Payment. If any fee or other payment due under this Agreement is not paid on the date such payment is due, you shall pay interest to us at the rate of the lesser of twelve percent (12%) per annum, or the maximum rate permitted by applicable law, from the date such amounts were originally due until the date paid. In the event any payment (including a late fee), is not received by us by the established due date, you further agree to pay us a late fee (“Late Submission Fee”) of One Hundred Dollars (\$100) per violation, which is intended to reimburse us for our expenses and to compensate us for our inconvenience, and does not constitute interest. Any acceptance of an amount which is less than the full amount due, shall not be considered a waiver of our right to (or your obligation for) the full amount then due, or which may become due in the future.

(d) Advances; No Setoff. Franchisee shall pay us all amounts, if any, advanced by Franchisor or which Franchisor has paid, or for which it has become obligated on Franchisee’s behalf for any reasons

whatsoever, promptly upon Franchisor's notice to Franchisee of such amounts being due and payable. Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement or otherwise or setoff any such amounts against any amounts claimed to be due to Franchisee.

(e) Taxes. If any withholding, sales, excise, use, or privilege tax is imposed or levied by any government or governmental agency on account of any amounts payable under this Agreement, Franchisee shall pay to Franchisor as an additional fee, a sum equal to the amount of such tax (but this provision shall not apply to any income taxes imposed upon Franchisor).

## **8. Advertising and Promotion.**

(a) You agree, at your sole expense, to conduct advertising and promotional programs at the local level for your Franchised Business. You must spend a minimum of Ten Thousand Dollars (\$10,000) on advertising and promotional programs we approve within the first six (6) months after the Effective Date of this Agreement. This amount is in addition to the requirements stated in Section 8(b).

(b) Local Advertising. You agree, at your sole expense, to conduct advertising and promotional programs at the local level for your Franchised Business. Beginning with the month in which you commence operation of the Franchised Business in the Territory, and continuing for thirty-six months thereafter, you must spend on local advertising a minimum average of Three Thousand Dollars (\$3,000) per month, calculated on a rolling twelve-month basis. Beginning with the thirty-seventh month and continuing for the remainder of the Term, you must spend on local advertising a minimum average of Two Thousand Dollars (\$2,000) per month, calculated on a rolling twelve-month basis. Your local advertising spend requirement is additional to payment of the Brand Fund Fee. All such local advertising shall comply with our requirements for advertising. All such local advertising shall comply with our standards for advertising as specified in the Manuals. You must submit to us, in a format that we prescribe and at a time and schedule that we prescribe, reports showing your expenditure for all marketing and advertising. You will provide to us, for our approval, any and all advertising and promotional material prepared by you, and shall not publish, display or otherwise use any such materials without our prior written approval. The first 6-month minimum described herein shall not apply if this Agreement is signed as part of your renewal of the Franchise or as part of the transfer to you of an existing Men In Kilts franchised business. In both of these situations, the ongoing advertising requirement required in this Section shall apply as of the Effective Date.

(c) Brand Fund. You must pay us the Brand Fund Fee as set forth in Section 6(f). The Brand Fund is administered by us. We may use Brand Fund Fees and any other amounts contained in the Brand Fund for any purpose that promotes the Licensed Marks or any other names we choose to use in the System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Brand Fund to pay for coaching and training for our franchisees in marketing, advertising, recruiting and sales. We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house. Notwithstanding the foregoing, Franchisor has no obligation to conduct marketing and Franchisor has sole discretion to determine how, if any, monies in the Brand Fund will be spent. Franchisor is not required to use monies in the Brand Fund to benefit any individual market or franchisee. Methods, media employed, contents of advertising, and terms and

conditions of advertising campaigns and promotional programs shall be within the sole discretion of Franchisor.

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

(e) Marketing Supplies and Materials. Franchisor shall from time to time provide Franchisee with examples of advertising materials Franchisee may adapt for use in its Franchised Business. Any alterations, other than the insertion of the name and address of the Franchised Business, and the prices charged by Franchisee, must be approved by Franchisor prior to use of any modified materials. Ownership and rights, whether in the nature of copyrights or otherwise, in and to any of these materials and any altered or modified marketing materials or reproductions of the foregoing, shall vest in Franchisor and Franchisor shall be free to use and to offer or sell to others the use of any of the foregoing materials without restriction.

(f) Approval. Prior to using any marketing or promotional materials, advertisements, or other advertising not prepared by or at the direction of Franchisor, Franchisee shall submit such items to Franchisor for its prior approval. If Franchisor does not approve the use of such materials by Franchisee within thirty (30) days after its receipt of such materials, they shall be deemed to have been rejected. However, Franchisor may revoke approval of any previously approved materials at any time.

(g) Advertising Cooperative. At such time(s) as we may determine in our sole discretion, you may be required to participate in specific advertisements and events in an advertising region that we designate. We will not require participation unless fifty percent (50%) of the franchisees in the region agree to participate. The cost of such advertisements or events will be divided equally among all franchisees in the region and will not exceed two percent (2%) of monthly "Gross Consumer Sales".

(h) Internet Presence. Franchisor will establish an Internet Presence as it may determine to promote the businesses of MIK franchisees in the franchise system. Franchisee shall, upon request by Franchisor, provide content for the Internet Presence, which may include contact and address information, hours of operation, fees, photos, video, social media posts, and such other information about the products and services offered through the Franchised Business as Franchisor may require. Franchisor must approve any and all changes to content provided by Franchisee and the Internet Presence for the Franchised Business shall contain only such information as Franchisor may approve from time to time. Other than the Internet Presence established by Franchisor, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other Internet Presence, making reference to Franchisor, the System, the Licensed Marks or the Franchised Business, unless otherwise approved by Franchisor. An "Internet Presence" includes any domain name, URL, website, webpage, landing page, portal, HTML document, online directory, online business profile, review and opinion page or site, social media or social networking site, profile, avatar, account or username, control panel, administrative platform, intranet, JotForm or other form or method of digital or electronic medium or method of communication.

(i) Franchisee shall use Franchisor for all website development and maintenance services Franchisor may provide for any Internet Presence approved by Franchisor for Franchisee. Franchisee shall purchase from Franchisor website and business profile management support services and pay the fees Franchisor may charge from time-to-time, by the method and at the times Franchisor may require.

(ii) Franchisee may not use all or part of any of the Licensed Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor will retain sole ownership of any Internet Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Licensed Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.

(iii) Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Internet Presence, or any information, content, or post thereon.

(iv) Upon request, Franchisee must provide Franchisor with all passwords and access to any Internet Presence.

(i) Photos and Videos. Franchisor shall have the right to take photographs and videos of the Franchised Business and associated signage and to use such photographs and videos in any advertising or promotional material, in any form or medium now existing or later developed. Franchisor may use the foregoing without providing notice to Franchisee or receiving Franchisee's consent, and Franchisor shall not be obligated to make attribution or to compensate Franchisee for use of the foregoing. Upon the request of Franchisor, Franchisee shall cooperate with Franchisor in taking and arranging for such photographs and videos and for obtaining the necessary consents of or assignments from individuals depicted in or involved in such photographs or videos. Franchisee irrevocably assigns to Franchisor all of its right, title, and interest, if any, in and to all such photographs and videos, together with all related intellectual property.

(j) Satisfaction/Surveys. Franchisee shall participate in all customer satisfaction programs Franchisor requires, including any customer surveys and shall provide Franchisor with such assistance and information as reasonably required by Franchisor in connection with such programs and surveys.

(k) Social Media Prohibitions. Franchisee acknowledges that Franchisor may also impose prohibitions on Franchisee's posting or blogging of comments about Franchisor, the Franchised Business, the System, or other franchisees. The foregoing prohibition includes personal blogs, common social networks like Facebook, Instagram, TikTok, Twitter, Snapchat and Pinterest; professional networks, business profiles or online review or opinion sites like LinkedIn, Google Business Profile or Yelp; live-blogging tools like Twitter and Snapchat; virtual worlds, metaverses, file, audio and video-sharing sites, and other similar social networking or media sites or tools.

## **9. Inspections, Audit Reports and Records.**

(a) Books and Records; Financial Reports. Franchisee shall maintain its books and records in the manner reasonably required by Franchisor. Franchisee shall provide Franchisor with such operational, financial, and sales information relating to the Franchised Business as from time to time may be required by Franchisor. All such information shall be delivered to Franchisor, at the time, in the form and by the means of communication authorized by Franchisor. Franchisee shall provide to Franchisor such monthly and/or annual financial reports as Franchisor may specify. Franchisor may use all information, including financial and sales information, in any manner and for any purpose it, in its sole discretion, deems

appropriate. Franchisor has the right to share any such financial information and other information Franchisee provides to Franchisor with other of its franchisees, governmental authorities or otherwise and to publicly disclose and include Franchisee's financial information in Franchisor's franchise disclosure document. Franchisee, and its owners, shall also submit to Franchisor, upon request, copies of their annual income and sales tax returns, if any.

(b) Audit Rights. Franchisor shall have the right to audit or cause to be audited the Monthly Gross Consumer Sales Statement, sales reports and financial statements delivered to Franchisor, and the books, records, and sales and income tax returns of Franchisee, and Franchisee's owners. If any audit discloses that Franchisee has failed to pay to Franchisor any amounts owed to Franchisor based upon an understatement of Gross Consumer Sales or otherwise, then Franchisee, within fifteen (15) days of receipt of the audit report, shall pay to Franchisor the amounts due Franchisor, plus late payment charges from the due date at the maximum rate permitted by law, not to exceed one and one-half percent (1 ½%) per month. In addition, if an understatement for any period equals two percent (2%) or more of the Gross Consumer Sales of the Franchised Business for any period, Franchisee shall reimburse Franchisor for the cost of the audit, including the charges of any independent accountant and the travel expenses, room and board, and compensation of persons retained by Franchisor to make the audit.

(c) Inspection Rights. Franchisee shall permit Franchisor and its representatives, whenever Franchisor reasonably may deem necessary, during normal business hours, to enter, remain on, and inspect the Franchised Business. Franchisor and its representatives may also, without notice to Franchisee, interview and survey customers of the Franchised Business. We retain the right to utilize an on-line computer monitoring system, and to use the on-line system to remotely monitor and examine your records pertaining to the operation of the Franchised Business. Notwithstanding the foregoing, Franchisor reserves the right, without notice to Franchisee, to independently access the Franchised Business' accounting and financial systems and data or any accounting or financial systems used or required by Franchisor for the System to determine Gross Consumer Sales and amounts due to Franchisor under this Agreement, and Franchisee shall grant Franchisor access to all such accounting and financial systems and data.

(d) Ownership of Information. All information Franchisor obtains from Franchisee or about or related to the Franchised Business (collectively, the "Information"), and all revenues Franchisor derives from such Information, shall be Franchisor's property, excluding any employment records (which shall belong solely to and be the responsibility of Franchisee). Franchisee may use information that it acquires from third parties in operating the Franchised Business at any time during the Term of the Agreement to the extent lawful and at its sole risk and responsibility, but only in connection with operating the Franchised Business for the purposes hereunder. The Information (except for information Franchisee provides to Franchisor with respect to it and its affiliates) shall become the confidential information of Franchisor, which Franchisor may use for any reason it deems necessary or appropriate. Franchisee recognizes and agrees that between Franchisee and Franchisor, Franchisor owns all rights to and all interest in and to any data, whether customer data, click-stream data, user data, reviews or otherwise, hits or other information collected via any electronic medium or method of communication, including via a website, home page, HTML document, Internet site, online directory, web page, or social media or social networking site, or application, whether web-based or otherwise, related to the System or the Licensed Marks. Such information is deemed by Franchisor to be and constitutes its confidential information.

## **10. Insurance.**

(a) Types and Amounts. You shall purchase, at your sole expense and maintain in full force and effect throughout the Term of this Agreement, the insurance identified below in the minimum policy limits as identified below. Broad Form Comprehensive General Liability insurance, with limit of liability of at least Two Million Dollars (\$2,000,000.00) combined single limits (bodily injury and property damage)

including the broad form general liability endorsement. Such insurance shall cover damage to the personal property of others while it is in your care, custody, or control and for the loss to personal property of others resulting from workmanship.

- (i) Automobile Liability insurance, with limit of liability of at least Two Million Dollars (\$2,000,000.00) combined single limits (bodily injury and property damage) including hired and non- owned automobiles.
- (ii) Workers' Compensation and Employer's Liability insurance, as well as such other insurance as may be required by statute or rule of the state(s) in which the Franchised Business is located and operated.
- (iii) Third Party Bonding coverage is required with minimum limits of at least Twenty-Five Thousand Dollars (\$25,000.00) per loss.

We may, periodically, as we determine in our sole discretion, modify the minimum insurance limits and require different or additional kinds of insurance to reflect changes in insurance standards, normal business practices, higher court awards and other relevant circumstances.

(b) Additional Insured. All insurance policies shall be written by responsible insurers, and except for Workers' Compensation and Employer's Liability Insurance, shall name us and all Indemnitees (as defined in Section 27 hereof) as additional insureds, shall contain no provision which in any way limits or reduces coverage for you in event of a claim by us or any Indemnitee, shall extend to and provide indemnity for all obligations assumed by you hereunder and all items for which you are required to indemnify us hereunder, shall be primary to and without right of contribution from any other insurance purchased by Indemnitees and shall provide, by endorsement, that we receive at least thirty (30) days prior notice of intent to cancel said policy and that the policy limits, coverage, and other material terms of said policy may not be amended or altered without our written consent. You shall promptly report all claims or potential claims against you, any Indemnitee or us to the insurer and us. At least ten (10) days prior to commencing business and annually thereafter, you shall submit to us a copy or certificate or other acceptable proof of such insurance. If you at any time fail or refuse to maintain in effect any insurance coverage required by us or to furnish satisfactory evidence thereof, we shall be entitled (but, however, shall have no obligation) to obtain such insurance coverage on your behalf, and you shall promptly execute any applications or other forms or instruments required to obtain any such insurance. You shall pay to us, on demand, any costs incurred, and premiums paid by us. You may not reduce the policy limits, restrict coverage, cancel or otherwise alter or amend said policies without our written consent.

(c) Cooperation. The procurement and maintenance of said insurance shall not relieve you of any liability to us under any indemnity requirement of this Agreement. Nothing contained herein shall be construed or considered an undertaking or representation by us that such insurance or bonding as may be required to be obtained by you will insure you against any and all insurable risks of loss which may or can arise out of or in connection with the operation of the Franchised Business. You agree and acknowledge that the insurance coverages and amounts of insurance are minimum amounts. You agree to respond to all claims within the time required by law, rule or regulation. You shall cooperate with us (or our designee) in every fashion possible to defend us and you against any and all claims made by employees, customers or third parties. You shall, when necessary, make appearances at administrative or other hearings to present or reinforce such defenses.

(d) Failure to Purchase. Failure by you to purchase or maintain any insurance required by this Agreement or failure to reimburse us for our purchase of such insurance on your behalf shall constitute a

material and incurable breach of this Agreement which shall entitle us to terminate this Agreement unilaterally and immediately upon notice to you.

#### **11. Licensed Marks and Proprietary Information.**

(a) Ownership of Marks and Goodwill. You acknowledge that we are the sole and exclusive owner of the Licensed Marks, and that your right to use them is derived solely from this Agreement and that such right is limited to the operation and promotion of the Franchised Business in accordance with this Agreement and all mandatory standards, specifications and operating procedures prescribed from time to time by us (as same may be amended from time to time) or otherwise. You agree not to obtain or seek to obtain any trademark or service mark registration of any of the Licensed Marks in any jurisdiction in your own name or in the name of any other person. All use of, and goodwill associated with the use of, the Licensed Marks by you shall inure to our benefit. You agree not to contest, directly or indirectly, our ownership, title, right or interest in the Licensed Marks, trade secrets, trade dress, methods, proprietary information, procedures and advertising techniques which are part of the System or to contest our sole right to register, use or license others to use the System, the Licensed Marks, trade secrets, trade dress, methods, proprietary information, procedures and techniques.

(b) Display of Names and Marks. Franchisee shall operate under, and prominently display, the Licensed Marks in the operation of the Franchised Business in the manner specified by Franchisor, and pursuant to the standards made available to Franchisee by Franchisor. Franchisee shall use no commercial trade names, service marks, or other commercial symbols, including associated logos, that do not satisfy the criteria established by Franchisor. Franchisee may not use all or part of the Licensed Marks as part of the name of any corporation, partnership, or limited liability company, and Franchisee must obtain Franchisor's prior written approval of the name of the corporation, partnership, or limited liability company prior to incorporation, formation, or organization, as applicable.

(i) If Franchisor deems it advisable, Franchisee shall file for and maintain a "Certificate of Trade Name" or "Fictitious Name" or "Assumed Name" in the county or state, or other appropriate jurisdiction, in which the Franchised Business is located.

(ii) Franchisee shall not use any of the Licensed Marks in combination with other words, letters, prefixes, suffixes, logos, or designs, other than in the manner authorized by Franchisor.

(c) Change of Names and Marks. From time to time, Franchisor may elect to discontinue the use of certain Licensed Marks and to commence use of new Licensed Marks. Franchisee shall pay all expenses incurred in connection with discontinuing the use of existing Licensed Marks in the Franchised Business and commencing the use of new Licensed Marks, including upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationery, advertising, sales/promotional materials and such other objects, in such size, color, lettering style, and fashion and at such places as we may designate.

(d) Cessation of Use. Franchisee agrees that, upon the expiration or termination of the Term of this Agreement for any reason whatsoever, Franchisee shall immediately discontinue the use of the Licensed Marks, and thereafter shall no longer use, or have the right to use, the Licensed Marks. Franchisee agrees that, if any of the Licensed Marks or any portion thereof are contained in its legal name or "Certificate of Trade Name" or "Fictitious Name" or "Assumed Name", Franchisee shall immediately take all necessary steps to change its legal name and cancel all "Certificate of Trade Names" or "Fictitious Name" filings and "Assumed Names" upon the expiration or termination of this Agreement for any reason.

(e) Notification of Infringement. Franchisee shall immediately notify Franchisor of any infringement of or challenge to Franchisee's use of present and future Licensed Marks and shall not

communicate with any other person in connection with any such infringement, challenge, or claim. Franchisor shall have sole discretion to take such action as it deems appropriate, including the exclusive control of any litigation or any trademark office or other administrative proceeding arising out of any such infringement, challenge, or claim relating to any of the Licensed Marks.

## **12. Termination of the Franchise.**

(a) We may terminate this Agreement effective immediately upon your receipt of notice from us in the event Franchisee:

(i) Voluntarily abandons the Franchised Business, defined as abandoning, vacating, deserting, surrendering or otherwise ceasing operation of all or part of the Franchised Business for a period of three (3) consecutive business days without our express written consent.

(ii) Fails to pay when due any amounts owed to Franchisor or its affiliates or suppliers, and such failure continues for ten (10) days after notice from Franchisor.

(iii) Understates Gross Consumer Sales by two percent (2%) or more in any weekly, monthly or annual financial statement or report on two (2) or more occasions during the Term of this Agreement, whether or not you subsequently cured the understatement.

(iv) Fails to timely report Gross Consumer Sales or to submit when due sales reports or financial statements, or withholds Franchisor's access to accounting and financial systems or data, revokes any electronic-funds transfer or direct debit authorization granted to Franchisor, or initiates any stop payments against Franchisor;

(v) Fails to open the Franchised Business within one hundred twenty (120) days from the Effective Date.

(vi) Makes, or is found by Franchisor to have made, any materially false statement or report with respect to the ownership of the Franchise or Franchised Business while negotiating this Agreement or applying for a Franchise.

(vii) Violates any of the transfer and assignment provisions contained in this Agreement.

(viii) Receives from us three (3) or more notices of default or other violation of this Agreement during the Term, whether or not such defaults are cured.

(ix) Is convicted of a felony, crime of moral turpitude or crime or offense relating to the operation of the Franchised Business, or if any owner of the Franchised Business is convicted such a crime.

(x) Becomes insolvent or makes a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by you, or such a petition is filed against you and is not dismissed within thirty (30) days after filing thereof, or if a bill in equity or any other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you, or if a receiver or the custodian (permanent or temporary) of your assets or property, or any part thereof is appointed.

(xi) Fails, after notification of non-compliance by appropriate authority, to comply with any law or regulation applicable to the operation of the Franchised Business.

(xii) Violates any covenant of confidentiality or non-disclosure provisions contained in this Agreement.

(xiii) Consistently fails to timely provide us with any report, statement, request or return required by this Agreement.

(xiv) Disparages, disturbs, disrupts, or jeopardizes the System, the Licensed Marks, our business, our employees or any business of our other franchisees, or makes or publishes any statements or comments of a defamatory or disparaging nature regarding (i) us or any of our affiliates; (ii) any shareholder, director, officer, employee, agent or representative of ours or any of our affiliates, or (iii) our products or services or those of any of our affiliates. Or if any person with an interest, direct or indirect, in the ownership or operation of the Franchised Business does the same.

(xv) Violates, or any person with an interest, direct or indirect, in the ownership or operation of the Franchised Business violates, the covenants against competition stated in this Agreement.

(xvi) Misuses or infringes the Licensed Marks, or otherwise materially impairs the goodwill associated therewith, or uses in the operation of the Franchised Business any names, marks, e-marks, systems, insignias, symbols or copyrights not authorized by us.

(xvii) Breaches any other agreement with Franchisor or any of its affiliates and such breach continues for thirty (30) days after notice to Franchisee.

(xviii) Otherwise breaches this Agreement or fails to comply with any provision of this Agreement or any specification, standard, or operating procedure prescribed by Franchisor and does not correct such breach or failure within thirty (30) days after notice to Franchisee.

(b) Suspension. If you are in material default as described in Subsection (a) above, we have the right to suspend any and all operating assistance for you or for the Franchised Business, including removal of your Franchised business from any website we may maintain, any advertising we perform on behalf of the System, and the provision of any National Accounts to you. The foregoing actions shall not constitute a termination or constructive termination of this Agreement and Franchisee shall not make any claim of the foregoing.

### **13. Post-Termination Obligations of Franchisee.**

Franchisee agrees and acknowledges that, upon expiration or termination of this Agreement:

(a) Cessation. Franchisee will immediately cease to use, in any manner or for any purpose, the Licensed Marks and the System, concepts, and methods of promotion, or to conduct business using any and all confidential information and know-how owned by us, or using any good will created by or associated with the Licensed Marks. Franchisee will remove all signs, de-brand all vehicles, cancel all advertisements, and destroy all advertising or marketing materials, whether or not utilizing the Licensed Marks.

(b) Covenants. Franchisee will immediately comply with, observe and abide by all terms of this Agreement which are intended to survive the expiration or termination of this Agreement, including any non-competition, non-solicitation and confidentiality covenants.

(c) No Association. Franchisee will immediately cease to indicate in any manner, directly or indirectly, that it is or ever was affiliated with Franchisor in any capacity, identify itself or any business as a member of the System, or as otherwise associated with Franchisor.

(d) Payments Franchisee will immediately pay to us all amounts owed under this Agreement including, but not limited to Continuing Royalty, Brand Fund Fees and any other charges as have or will thereafter become due under this Agreement. Upon termination of this Agreement for any default by you, you shall be liable for actual and consequential damages, costs and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default. We shall have the right to place a lien against any and all of the real property, personal property, furnishings, equipment, signs, fixtures and inventory owned by you or the Franchised Business at the time of default and/or against any of your monies held or otherwise in our possession.

(e) Manuals and other Materials. Franchisee will immediately return to us all Manuals, trade secrets, proprietary information and confidential material, equipment and other property owned by us and all copies thereof.

(f) Cancellation. Franchisee will, immediately take such action as may be required to properly cancel or change all corporate, business, or other legal names and assumed name, fictitious name or equivalent registrations relating to the use of or containing any of the Licensed Marks, and notify the telephone company, any domain name registrar, any Internet service provider, and all listing agencies of the expiration or termination of Franchisee's right to use any domain names, profiles, accounts, user names, telephone numbers, and classified and other directory listings associated with any Internet Presence, or that include any portion of the Licensed Marks, and authorize the telephone company, domain name registrars, Internet service providers, and listing agencies to transfer to Franchisor all such telephone numbers, registrations, profiles, accounts, and directory listings, along with access thereto. Franchisee acknowledges that, as between Franchisor and Franchisee, Franchisor has the sole right to and interest in all telephone numbers, directory listings, domain names profiles, user names, and accounts associated with the Licensed Marks, or any word, phrase or symbol confusingly similar to any of the Licensed Marks, including any Internet Presence, as well as any content thereon. Franchisee authorizes Franchisor, and appoints Franchisor its attorney-in-fact, to direct the telephone company, domain name registrars, internet service providers, and all listing agencies to transfer telephone numbers, domain names, accounts and listings to Franchisor, as well as provide access to Franchisor to any such account or registration.

(g) Customer Information. Franchisee will, within five (5) business days following the expiration or termination of this Agreement, provide us with the list of the names, telephone numbers, complete mailing addresses, frequency of service, last date of service and price of such service for all customers serviced by you, turn over to us all client keys, access cards, and/or any means you use to access client's residences or places of business; and assign to us any and all of your accounts receivable. Franchisee hereby appoints Franchisor its attorney-in-fact to collect all cash accounts receivable and further grants Franchisor the right to enter into any location necessary to obtain client keys, access cards, and/or any means you use to access client's residences or places of business. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon us to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by us, you release and waive any claims thereto against us.

(h) Survival of Provisions. All obligations of Franchisor and Franchisee that expressly or by their nature survive the termination or expiration of this Agreement, including the post-termination rights and obligations, non-competition, confidentiality, indemnification, purchase option, and enforcement and dispute resolution provisions herein, shall continue in full force and effect subsequent to and

notwithstanding the expiration or termination of this Agreement until they are satisfied in full or by their nature expire.

(i) Communication with Third Parties. After Franchisor provides Franchisee with notice of any default hereunder, Franchisor may notify any third parties, including any landlords, lenders, and customers, of the default and communicate with such third parties regarding Franchisee and the Franchised Business.

#### **14. Transfers.**

(a) Scope. Neither this Agreement, the Franchise or Franchised Business, nor any part of any ownership in you (which shall mean and include voting stock, securities convertible thereto, proprietorship, membership rights and general partnership interests), or all or a substantial portion of the Franchised Business may be voluntarily or involuntarily, directly or indirectly assigned, sold, or otherwise transferred or encumbered by you or any of your owners (including without limitation, by will, by declaration of or transfer in trust or by the laws of interstate succession) except as provided herein, and any such assignment, transfer or encumbrance without our approval constitutes a material breach of this Agreement.

#### (b) Franchisor's Right of First Refusal.

If you receive from a third party, and desire to accept, a bona fide written offer to purchase you, your Franchised Business, the Franchise or any interest in you or the Franchised Business (or seek to effect a sale of any of the foregoing), we shall have a right of first refusal, exercisable by written notice to you furnished within thirty (30) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase you, the Franchised Business, the Franchise or any interest in you or the Franchised Business, on the same financial terms and conditions as offered to or by such third party; provided further that we may substitute cash for any other form of payment proposed in such offer. In order that we may have information sufficient to enable us to determine whether to exercise our right of first refusal, you shall deliver to us, to the extent requested by us, certified financial statements as of the end of your most recent fiscal year, any financial statements prepared by or for you since the end of such fiscal year and such other information about the Franchised Business and its operations as you have provided or will make available to such third party. If we do not exercise our right to purchase, you may, within ninety (90) days from the expiration of the option period, close the proposed transfer, provided we have consented to such transfer as required. If you fail to close such transfer within this ninety (90) day period, it shall trigger a new right of first refusal period. Failure by us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of this Section 18, with respect to the proposed transfer.

#### (c) Administrative Transfer.

This Agreement may be assigned to a business entity wholly owned by you (the "Corporate Franchisee"), provided that:

(i) you or your majority owner actively manage the Corporate Franchisee and continue to devote best efforts and full and exclusive time to the day-to-day operation and development of the Franchise and the Franchised Business;

(ii) the Corporate Franchisee is newly organized, and its activities are confined exclusively to acting as Franchisee under this Agreement;

(iii) you provide all documentation and information requested by us concerning the Corporate Franchisee;

(iv) the Corporate Franchisee executes a document in such form as shall be approved by us, in which it agrees to become a party to, and be bound by, all the provisions of this Agreement;

(v) you remain personally liable in all respects under this Agreement and execute a Guaranty Agreement, a copy of which is attached as Exhibit D hereto by which you personally guarantee all obligations of the Corporate Franchisee under this Agreement;

(vi) any and all shareholders, directors, officers, members, partners and managers of the Corporate Franchisee each execute a Guaranty Agreement, a copy of which is attached as Exhibit D hereto, by which such shareholders, directors, officers, members, partners, managers or other owners personally guarantee all obligations of the Corporate Franchisee under this Agreement and agree to be bound individually by all the obligations of Franchisee hereunder;

(vii) you and any owners of the Corporate Franchisee agree not to sell, assign, pledge, hypothecate, mortgage or otherwise transfer or encumber and ownership interest in the Corporate Franchisee; and

(viii) equity certificates and documents shall note in a legend sufficient under applicable law to constitute such notice that ownership in the Corporate Franchisee is subject to the terms of this Agreement.

(d) Permitted Transfer.

We will not unreasonably withhold our consent to a transfer, provided you meet the following conditions:

(i) You must pay all monies owed to us and our affiliates on or before the date of the transfer;

(ii) You have paid off all of your ascertained or liquidated debts in connection with the Franchised Business;

(iii) You are not in default under any provision of this Agreement or any agreement ancillary hereto;

(iv) You sign a general release, in the form which we provide, of all claims against us and our parents, affiliates, principals, shareholders, members, managers, employees and agents in our/their corporate and individual capacities; and

(v) The transferee must demonstrate, to our sole satisfaction, that the transferee has the financial resources, character and ability to continue to run the Franchised Business successfully;

(vi) You pay to us the transfer fee of five thousand dollars (\$5,000); provided, however, that if you are transferring more than one franchise in a single transaction you will only be obligated to pay a single transfer fee; and

(vii) Your transferee must sign our then-current form of franchise agreement (including any applicable addendum to reflect that the Agreement is for a franchise that has been transferred) and any required ancillary agreements (i.e., personal guaranty);

(viii) If the transferee does not already own a MIK franchise, the transferee must complete, to our sole satisfaction, the Initial Training Program, and must comply with all other requirements for new franchisees, again to our sole satisfaction;

(ix) If required by us, you, or your transferee, must agree to re-brand, re-image and modernize the Franchised Business and equipment to meet Franchisor's then-current standards and to expend all monies reasonably necessary to complete such work according to the schedule we prescribe;

(x) Your transferee must enter into a lease for the location of the Franchised Business, or accept an assignment of your lease, no later than the date of the transfer; and

(xi) You will not retain a security interest in the Franchised Business or its assets following the transfer without our prior written consent, which consent we are under no obligation to provide.

(e) No Subfranchising. You will not have the right to grant a sub-franchise to any person or entity whatsoever.

#### **15. Franchisor's Option to Purchase Assets.**

We shall have the option, but not the obligation, within thirty (30) days after the date of termination or expiration of this Agreement to purchase any and all of your operating assets from the Franchised Business at a purchase price equal to net depreciated book value. If we elect this option, we will deliver written notice to you. We have the right to inspect the equipment at any time during this thirty (30) day period. If we elect to purchase equipment as part of the asset purchase, we will be entitled to, and you must provide, all customary warranties and representations as to compliance with law, the maintenance, function, and condition of the equipment and your good title to the equipment (including, but not limited to, that you own the equipment free and clear of any liens and encumbrances).

#### **16. Assignment by Franchisor.**

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interest. Franchisee expressly affirms and agrees, that we may sell our assets, our Licensed Marks or the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Licensed Marks (of any variation thereof) and/or the loss of association with or identification of "Men In Kilts US, LLC" as franchisor under this Agreement.

#### **17. Modification of the System.**

You recognize and agree that from time to time we may change or modify the System and our business in any manner including, but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that you will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution. Whenever we have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant you a

right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, we may make such decision or exercise our right and/or discretion on the basis of our judgment of what is in our best interests, including without limitation our judgment of what is in the best interests of the System, at the time our decision is made or our right or discretion is exercised. You will make such expenditures for such changes or modifications in the System as we may reasonably require. You shall not change, modify or alter in any way any material aspect of the System, without our prior written consent.

**18. Death, Disability or Permanent Incapacity of the Franchisee.**

In the event of your death or permanent disability or that of any person with a controlling interest in you, the executor, administrator, or personal representative of that person shall transfer his or her interest to a third party approved by us within one hundred and eighty (180) days after such death or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to fully satisfy the transfer conditions contained in this Agreement, the personal representative of the deceased Franchisee shall have a reasonable time, in our sole discretion, to dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the deceased's interest is not transferred within a reasonable time, as determined by us in our sole discretion, we may terminate this Agreement. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent you (or an owner controlling you) from supervising the management and operation of the Franchised Business for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition. In any event, the Franchised Business must at all times be managed by a designated manager who has complied with all of our training requirements, regardless of any death or permanent disability covered by this Section.

**19. Operation of Franchised Business in the Event of Absence, Incapacity or Death.**

In order to prevent any interruption of the Franchised Business, which would cause harm to such business and thereby depreciate its value, you authorize us, in the event that you are absent or incapacitated or die, and are not, therefore, in our sole judgment, able to operate the Franchised Business, to operate said business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement; provided, however, that in the event that we commence to operate the Franchised Business, we shall not be obligated to operate the Franchised Business for a period of more than thirty (30) days. All monies from the operation of the Franchised Business during the period of our operation shall be maintained in a separate account. The expenses of the Franchised Business, including reasonable compensation and expenses for our representatives, shall be charged to such account. If, as provided in this Section, we temporarily operate the Franchised Business, you agree to indemnify and hold us harmless, and hold harmless any representative of ours who may operate the Franchised Business, from any and all claims arising from the acts and omissions of us and our representative arising from such operation. You agree to pay our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section will prevent us from exercising any other rights which we may have under this Agreement, including the right to terminate the Agreement.

**20. Covenants of Non-Disclosure, Non-Solicitation and Non-Competition.**

(a) You, your owners, and persons or entities controlled by or under common control with you, specifically acknowledge that, pursuant to this Agreement, you will receive valuable specialized training, trade secrets, and confidential information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials, methods and

techniques of ours and the System which are beyond the present skills and experience of you and your managers and employees, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. You acknowledge that such specialized training, trade secrets, and confidential information provide a competitive advantage and will be valuable to you in the operation of the Franchised Business, and that gaining access to such specialized training, trade secrets, and confidential information is therefore a primary reason why you are entering into this Agreement. You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect our legitimate business interests.

(b) In consideration for the benefits described in Section 22(a), you, your owners, and persons or entities controlled by or under common control with you, agree that:

(i) During the Term they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

- (a) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchise to any competitor, by direct or indirect inducement or otherwise; or
- (b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business or other venture specializing, in whole or in part, in offering to the public window or gutter cleaning services or other substantially similar products and services as those offered by the Franchised Business at any time during the Term (a “Competitive Business”) or in any business or other venture that offers or sells products or services offered by franchises that are franchised by any of our affiliates.

(ii) For a period of eighteen (18) months after the Term within the Territory, including from the office of the Franchised Business, and any immediately adjacent and contiguous territories licensed to other MIK franchisees, they will not, directly or indirectly, for themselves or through or on behalf of or in conjunction with any person, partnership, corporation or other business entity:

- (a) solicit, divert or attempt to solicit or attempt to divert any business of customer of the Franchise to any competitor, by direct or indirect inducement of otherwise; or
- (b) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any Competitive Business.

(c) At any time, during the Term or thereafter, you shall not, either directly or indirectly, for you, or through, on behalf of, or in conjunction with any person, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Business, any of the Licensed Marks, or any other names, marks, systems, insignias, or symbols similar to any of the Licensed Marks, or cause or permit any such business to look like, copy or imitate a MIK franchised business or to be operated in a manner tending to have such effect.

(d) You expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, you acknowledge that enforcement of the covenants made in this Section will not deprive you of your personal goodwill or ability to earn a living.

(e) It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in Section 20(b)(ii) are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in such Section shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(f) You understand and acknowledge that we shall have the right, in our sole discretion, to reduce or limit the duration, geography or scope of any covenant set forth in this Section of this Agreement, or any portion thereof, without your consent, effective immediately upon notice to you; and you agree that you shall comply from that point forward with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 28(i) hereof.

(g) You expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by us of the covenants in this Section. You further agree that we shall be entitled to set off from any amount owed by us to you any loss or damage to us resulting from your breach of this Agreement.

(h) You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect our legitimate business interests. You further acknowledge and agree that the time limitation on the restrictive covenants set forth in this Section shall be tolled during any default under this Section.

(i) Nothing contained in this Agreement shall prevent you from owning less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly traded corporation listed on a recognized national stock exchange or NASDAQ.

(j) You acknowledge and agree that any failure by you to comply with the requirements of this Section shall constitute a material default under this Agreement; that such failure will cause us irreparable injury and that money damages will not adequately compensate us; and that we are entitled to enforce this Section by temporary restraining order and/or temporary, preliminary and/or permanent injunction, and/or specific performance, without the necessity of posting bond. This relief will be in addition to any other relief we may have under federal and/or state law. You agree to pay all costs and expenses which includes reasonable attorneys' and expert fees incurred by us in enforcing our rights under this Agreement. The protection granted hereunder shall be in addition to and not in lieu of all other protections for such trade secrets and confidential information as may otherwise be afforded in law or equity.

(k) In addition to any other remedies or damages allowed under this Agreement and/or by law, if you breach any of the covenants set forth in Subsections (a) or (b) above, you shall pay us a fee equal to our then-current initial franchise fee for each Competitive Business identified plus seven percent (7%) of such Competitive Business' gross sales until expiration of the non-competition period set forth in this Section.

(l) During the term of this Agreement, we shall have the right to inspect any business interest in which you or a Key Employee have an interest, at reasonable times and during normal business hours, to the extent reasonably necessary to determine whether the conditions of this Section are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are in default of this Agreement, and you are so notified by us, you shall have the burden of establishing that you are not in default. You shall respond to any default notice under this Section within five (5) days. With regard to any such default, we shall have the right to pursue any and all rights or remedies available to us, either at law or in equity, and you shall immediately take all steps to cure said default in a manner satisfactory to us.

The provisions of this Section shall survive any termination or expiration of this Agreement.

**21. Employee Agreements.**

(a) You shall cause any person who is actively involved as a “Key Employee”, defined as anyone who is an owner, and/or employee who acts in a management or supervisory capacity for or on behalf of the Franchised Business, at the time such person enters your employment, to enter into a non-disclosure, non-solicitation and non-competition agreement, that includes the substantive obligations described in this Agreement. You acknowledge and agree that any form of non-disclosure, non-solicitation and non-competition agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own professional advice with respect to the adequacy of the terms and provisions of any non-compete agreement you require your employees, agents and independent contractors to sign.

(b) You shall use your best efforts to prevent any such Key Employees from using, in connection with the operation of any Competitive Business wherever located, any of the Licensed Marks or from operating any Competitive Business that looks like, copies or imitates any MIK franchised business or operates in a manner tending to have such effect. If you have reason to believe that any such person has violated the provisions of the non-disclosure, non-solicitation and non-competition agreement, you shall immediately notify us and shall cooperate with us to protect us against infringement or other unlawful use of the Licensed Marks, including, but not limited to, the prosecution of any lawsuits if, in the judgment of our counsel, such action is necessary and advisable.

The provisions of this Section shall survive any termination or expiration of this Agreement.

**22. Spousal Agreements.**

Your spouse or domestic partner (and if you are a business entity, then the spouses or domestic partners of all owners) shall execute Confidentiality and Non-Competition Agreements in a form approved by us, at the time of the signing of this Agreement. The Confidentiality and Non-Competition Agreement shall prohibit such parties from disclosing or using any trade secrets, customer lists or other information, knowledge or know-how deemed confidential or proprietary by us concerning the System or the operation of Franchised Business and from competing with the System or other MIK franchisees during the term of this Agreement and for eighteen (18) months following termination or expiration of this Agreement to the extent of the restrictions set forth in Section 20.

**23. Confidentiality.**

(a) You, your owners and persons controlled by or under common control with you, shall hold in confidence the System and shall not disclose any part of the System to any other party. It is understood and agreed that the System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by us. Accordingly, you agree that you shall

not at any time, without our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Business) or use or permit the use of the System, or any part, except as may be required by applicable law or as authorized by this Agreement.

(b) You, your owners and persons controlled by or under common control with you, shall at all times use your best efforts to keep confidential the System, the Manual(s), the contents thereof, concepts, methods of promotion, methods of working, and any other trade secrets, information, knowledge and business know-how concerning the System or the Franchised Business that may be imparted to, or acquired by, you in connection with this Agreement (collectively, the “Confidential Information”). You acknowledge that the unauthorized use or disclosure of such Confidential Information will cause incalculable and irreparable injury to us. Any and all information, knowledge and know-how, not generally known in the window and gutter cleaning business, about our products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as we may designate as confidential, shall be included in the definition of Confidential Information and shall be deemed confidential and proprietary for purposes of this Agreement, except information that you can demonstrate came to your attention prior to disclosure thereof by us or that is or has become a part of the public domain through publication or authorized communication by others.

(c) The Confidential Information shall at all times be deemed to be, and shall remain, Franchisor’s sole property, and you shall acquire no rights, title or interest therein by virtue of this Agreement. You agree that, if you engage as an owner, member, partner, shareholder, officer, consultant, agent, operator, or in any managerial capacity, in any similar business to the Franchised Business, it shall be conclusively presumed that any violation of the terms of the restrictive covenants in this Agreement was accomplished by and through your unlawful utilization of our Confidential Information, know-how, methods and procedures.

(d) For the avoidance of doubt, Franchisee may not use Confidential Information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without the express written consent of Franchisor. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. Franchisee shall not, without prior written consent by Franchisor, input any Confidential Information into any generative AI platform, or disclose such information to any provider or source of generative AI services. Franchisee shall opt out of allowing any provider or source of generative AI to utilize Confidential Information for training of any AI model or for other purposes.

The provisions of this Section shall survive any termination or expiration of this Agreement.

#### **24. Binding Arbitration; Governing Law; Consent to Jurisdiction.**

(a) This Agreement is subject to the terms and provisions of the Federal Arbitration Act, Title 9, of the United States Code. Any and all other controversies or claims whatsoever arising out of or relating to this Agreement or to any ancillary agreement between the parties or with regard to their interpretation, formation or breach, shall be settled by binding arbitration according to the commercial rules of the American Arbitration Association as hereinafter provided.

(b) Prior to submitting any claim or dispute to arbitration, you shall give notice thereof to us setting forth in reasonable detail the nature and basis of the claim or dispute. The parties shall then seek to negotiate and resolve the dispute by direct negotiation between you and us over a period of not less than thirty (30) days. If the dispute is not resolved directly by the parties, the parties shall then submit the dispute to mediation with an independent mediator agreed upon by the parties within another thirty (30) days unless

the parties agree to forego mediation. Each party will bear their own costs and fees of the mediation; however, the mediator's fee will be split equally between the parties.

(c) If the dispute is not resolved through negotiation or mediation, either party may send written notice to (1) the other party, and (2) the Regional Office of the American Arbitration Association in or closest to the location of our principal offices at that time invoking the binding arbitration provisions of this Subsection. Any arbitration shall be conducted in the city or town in which our principal offices are located before a single arbitrator located within the state in which we are located who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. If the parties cannot agree upon an arbitrator, the arbitrator shall be selected in accordance with the American Arbitration Association rules. Prior to the commencement of hearings, the arbitrator shall provide an oath of undertaking of impartiality. The award of the arbitrator shall be final. The parties' further consent to the jurisdiction in any appropriate court to enforce the provisions of this Section and/or to enter a judgment upon any award rendered by the arbitrator. The costs and expenses of arbitration, including the prevailing party's attorney's fees and costs and the compensation and expenses of the arbitrator, shall be borne by the non-prevailing party.

(d) In the event that any such controversy or claim arising from this Agreement involves any of your officers, directors, shareholders, employees, representatives or agents, then any such controversy or claim shall also be submitted to binding arbitration in the same manner as set forth above. In the event any controversy or claim is submitted to binding arbitration as set forth above, the parties hereto agree that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrator, unless the parties otherwise mutually agree in writing to expand the scope of discovery.

(e) In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

(f) Despite any language hereinabove to the contrary, we expressly reserve the right, at our sole and exclusive discretion, to seek injunctive relief from a court of competent jurisdiction to enforce your post-termination covenants, including the non-competition covenants, to enjoin the disclosure of or improper or unauthorized use of our Confidential Information of the System including, but not limited to, the Manuals, customer lists, Licensed Marks, or to enjoin you from any existing or threatened conduct, pending completion of the above-noted binding arbitration, which we reasonably believe could cause any harm or damage to us or to the System. In the event we file a lawsuit to seek injunctive relief as hereinabove provided, such action shall not constitute, nor be deemed to constitute, a waiver by us of our right to invoke the binding arbitration provisions of this Agreement.

(g) With regard to all claims brought under Subsection 24 (f), you further agree as follows:

(i) You consent and agree that the following courts shall have personal jurisdiction over you in all lawsuits relating to or arising out of this Agreement or any ancillary agreement and waive any defense you may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts: (a) all courts included within the state court system of the state in

which our principal office is located; and (b) all courts of the United States of America sitting within the state in which our principal office is located;

(ii) All lawsuits filed by you against us (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement or any ancillary agreement shall be required to be filed in one of these courts. Lawsuits filed by us against you may be filed in any of these courts or in any court in which jurisdiction and venue are proper; and

(iii) In all lawsuits related to or arising out of this Agreement, you consent and agree that you may be served with process outside the state in which our principal office is located in the same manner of service that may be made within that state by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. You hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(h) We and you agree that the arbitration of any disputes between us and you or any other proceeding shall be conducted on an individual basis and not a class-wide, multiple plaintiff or similar basis and that such disputes shall not be consolidated with the arbitration of any other disputes which might arise between us and any other System franchise owners.

(i) Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement, and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Massachusetts. If, however, any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced herein.

(j) You agree that the sole recourse for claims arising between the parties shall be against us or our successors and assigns. You agree that our shareholders, members, managers, directors, officers, employees and agents and those of our affiliates shall not be personally liable nor named as a party in any action or arbitration between you and us. The parties further agree that, in connection with any such proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Any arbitration award will have a binding effect only on the actual dispute arbitrated and will not have any collateral effect on any other dispute whatsoever, whether in litigation, arbitration, mediation, or other dispute resolution proceeding.

**YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND SPECIFICALLY AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS, OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS OR EMPLOYEES.**

**25. Indemnification.**

(a) You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our affiliates, successors, assigns and designees, and the respective directors, members, managers, officers, employees, agents, shareholders, attorneys, designees, and representatives of each (us and all other hereinafter referred to collectively as “Indemnitees”) from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon your operation of the Franchised Business and exercise of your rights under this Agreement, including without limitation any of the following: (i) your infringement or alleged infringement of, or any other violation or alleged violation of, any patent, trade or service mark or copyright or other proprietary right owned or controlled by third parties; (ii) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any act, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates or representatives; (iii) the inaccuracy, lack of authenticity or nondisclosure of any information by you to any customer of the Franchised Business; (iv) any services or goods provided by you or any affiliated or non-affiliated participating entity, or any failure to pay for the same; (v) any action arising from an alleged violation of a labor or employment law; (vi) any action by any customer of the Franchised Business, and, any damage to the property of you or us, our or your agents or employees, or any third party, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused in part through the active or passive negligence of us or you or any of us or your respective agents or employees, or resulted from any strict liability imposed on us or you or any of our or your respective agents or employees. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the Franchised Business.

(b) For the purpose of this Section, the term “losses and expenses” shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of recall refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

(c) You agree to give us written notice of any such action, suit, proceeding, claim, demand, investigation or inquiry that could be the basis for a claim for indemnification by any Indemnitees within three (3) days of your actual or constructive knowledge of it. We may elect to undertake the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek your advice and counsel, and shall keep you informed, with regard to any such proposed or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish your obligation to indemnify us and to hold us harmless. Alternatively, we may make arrangements with you for your defense and/or settlement of such matter and you shall pay all costs thereof and shall provide full indemnification to us with respect to any judgment or settlement as provided in Section 27(a).

(d) In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, as we deem appropriate, at any time and without notice, offer, order, consent or agree to settlements or take such other remedial or corrective actions as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry, or investigation if, in our sole judgment, there are reasonable grounds to believe that:

(i) any of the acts or circumstances enumerated in this Section have occurred, or

(ii) any act, error, or omission of you may result directly or indirectly in damage, injury or harm to any person or property.

(e) All losses and expenses incurred under this Section shall be chargeable to and paid by you pursuant to your obligations of indemnity under this Section regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense. Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You shall hold harmless and indemnify Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of these parties. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from you.

(f) Specifically excluded from the indemnity you give hereby is any liability associated with us or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you).

(g) Neither party hereto shall be liable for any loss or damage due to any delay in the performance of the terms hereof by reason of strikes, lockouts and other labor troubles, fires, riots, wars, embargos and commotion, or acts of God; provided, however, the forgoing shall not apply to a party's payment obligations hereunder. Any such delay shall extend performance only so long as such event is in progress; provided, however, the foregoing shall not apply to any payment obligations under this Agreement.

## **26. Independent Contractor.**

(a) You understand and agree that, under this Agreement, you are and shall be an independent contractor of us. No employee of yours shall be deemed to be an employee of ours. Nothing in this Agreement shall be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. You shall not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as is specifically provided for in this Agreement. We shall not have the power to hire or fire or control your employees and, except as herein expressly provided, we may not control or have access to your funds or the expenditure thereof, or in any other way exercise dominion or control over the Franchised Business. You expressly agree, and will never contend otherwise, that our authority under this Agreement to approve your manager for your Franchised Business does not directly or indirectly vest in us the power to hire, fire or control any such employee. It is further understood that you will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You acknowledge that we do not control your personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of your employees. You will file your own tax, regulatory and payroll reports with respect to your employees or agents and operations, saving and indemnifying us of and from any liability of any nature whatsoever by virtue of it.

(b) It is expressly understood and agreed that neither you nor any employee of yours will, in any way, directly or indirectly, expressly or by implication, be construed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal government agency.

(c) You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of the Franchised Business and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manuals or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Franchised Business, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Franchised Business.

(d) **YOU SHALL CONSPICUOUSLY IDENTIFY YOURSELF IN ALL DEALINGS WITH YOUR CLIENTS, CONTRACTORS, SUPPLIERS, PUBLIC OFFICIALS AND OTHERS, AS AN INDEPENDENT FRANCHISEE OF OURS, AND SHALL PLACE SUCH NOTICE OF INDEPENDENT OWNERSHIP ON ALL FORMS, BUSINESS CARDS, STATIONERY, ADVERTISING, SIGNS AND OTHER MATERIALS AND IN SUCH FASHION AS WE MAY, IN OUR SOLE AND EXCLUSIVE DISCRETION, SPECIFY AND REQUIRE FROM TIME TO TIME, IN OUR MANUALS (AS SAME MAY BE AMENDED FROM TIME TO TIME) OR OTHERWISE.**

(e) **EXCEPT AS OTHERWISE EXPRESSLY AUTHORIZED BY THIS AGREEMENT, NEITHER PARTY HERETO WILL MAKE ANY EXPRESS OR IMPLIED AGREEMENTS, WARRANTIES, GUARANTEES OR REPRESENTATIONS OR INCUR ANY DEBT IN THE NAME OF OR ON BEHALF OF THE OTHER PARTY, OR REPRESENT THAT THE RELATIONSHIP BETWEEN FRANCHISOR AND FRANCHISEE IS OTHER THAN THAT OF FRANCHISOR AND FRANCHISEE. WE DO NOT ASSUME ANY LIABILITY, AND WILL NOT BE DEEMED LIABLE, FOR ANY AGREEMENTS, REPRESENTATIONS, OR WARRANTIES MADE BY YOU WHICH ARE NOT EXPRESSLY AUTHORIZED UNDER THIS AGREEMENT, NOR WILL WE BE OBLIGATED FOR DAMAGES TO ANY PERSON OR PROPERTY WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO THE OPERATION OF THE FRANCHISED BUSINESS.**

**27. Franchisor's Withholding of Consent - Franchisee's Exclusive Remedy.**

Whenever this Agreement requires our approval or consent, you shall make a timely written request to us. Unless a different period is specified in this Agreement, we shall respond in writing with our approval or disapproval within fifteen (15) business days of receipt of such request. If we have not specifically approved a request in writing within such fifteen (15) business day period, such failure to respond shall be deemed as a disapproval of any such request. In no event shall you be entitled to make, nor shall you make, any claim, and you hereby waive any claim for money damages, nor shall you claim any money damages, by way of set-off, counterclaim or defense, based upon any claim or assertion by you that we have unreasonably withheld or unreasonably delayed any consent or approval to a proposed act by you under any of the terms of this Agreement. Your sole remedy for any such claim shall be an arbitration proceeding in accordance with the terms of this Agreement to enforce any such provisions.

**28. Enforcement Costs and Expenses.**

You shall pay us on demand any and all costs and expenses we incur in enforcing the terms of this Agreement, including, but not limited to, our overhead costs and our expenses for our staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults; costs and commissions due to a collection agency; attorneys' fees; and our administrative costs. If a claim for amounts owed by you to us or any of our affiliates is asserted in any legal proceeding or if we are required to enforce this

Agreement in a judicial or arbitration proceeding or if you institute any legal action to interpret or enforce the terms of this Agreement and we prevail, you must reimburse us for our costs and expenses, including court costs, arbitration and arbitrator costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the arbitrator or the court. We are entitled to have any amount awarded be part of the award or judgment. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

**29. Cross-Default.**

Any default by you of any other agreement between you and us shall be deemed a default under this Agreement, and any default by you under this Agreement shall be deemed a default under any and all other agreements between you and us. If the nature of such default under any other agreement would have permitted us to terminate this Agreement had said default occurred hereunder, we shall have the right to terminate this Agreement and all of the other agreements between you and us in the same manner as provided herein for termination of this Agreement.

**30. Limitation of Actions.**

You agree that no cause of action arising out of or under this Agreement may be maintained by you against us unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against us hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off. You understand that this time limit might be shorter than otherwise allowed by law. You hereby waive the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by us, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**31. Damages and Waiver of Jury Trial.**

(a) The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein except with regard to claims involving our Licensed Marks and our Confidential Information. Only claims, controversies or disputes involving you and no claims for or on behalf of any other franchisee, franchisor or supplier may be brought by you hereunder. Furthermore, you and we each irrevocably waive our right to a trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party. You and we acknowledge that this waiver of jury trial rights provides the parties with the mutual benefit of uniform interpretation of this Agreement and resolution of any dispute arising out of this Agreement and any aspect of the parties' relationship. You and we further acknowledge the sufficiency and receipt of mutual consideration for such benefit.

(b) Any claim for lost earnings or profits by you shall be limited to a maximum amount equal to the net profits of the Franchised Business for the prior year as shown on your federal income tax return.

**32. Step-in Rights.**

(a) If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if your actions jeopardize the integrity of the Licensed Marks or the System, then you authorize us or our designee to operate the Franchised Business for as long as, in our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the Licensed Marks and the System. Even if we exercise this right to step in, you agree that we do not lose or waive a right to exercise any other rights or remedies we may have and the exercise of such right shall not be considered a termination, constructive or otherwise, of this Agreement. Among the reasons we may act under these step-in rights are:

- (i) We reasonably determine that you are unable to operate the Franchised Business because you are absent or incapacitated because of illness, accident, injury or death;
- (ii) You have not paid your monetary obligations to us or others when they are due;
- (iii) You have not removed non-consensual liens or encumbrances placed against the Franchised Business; or
- (iv) We determine that material operational problems require that we operate the Franchised Business for a period of time.

(b) During a step-in period, you shall immediately turn over to us all customer keys, access cards, and/or any means you use to access customer's residences or places of business. We will maintain in a separate account, all Gross Consumer Sales of the Franchised Business. From that account we will pay all expenses of the Franchised Business, which will include all amounts owed under this Agreement, and our then-current fees we charge for these services, which as of the Effective Date is \$200 per hour per employee performing services, plus any expenses for our representatives. If these step-in rights are exercised, you agree to hold us harmless and hold harmless our representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay our attorneys' fees that we may incur in connection with the exercise and maintenance of these step-in rights. Nothing in this Section will prevent us from exercising any other rights which we may have, including the right to terminate the Agreement.

**33. Variations on the Standard.**

We reserve the right to materially vary the terms and standards we apply to a MIK franchisee, including financial terms and conditions, for any franchisee, including you, based upon the peculiarities of a particular area, including density of population, business potential, population of trade area, existing business practices, or any other conditions we determine to have or to potentially have a significant effect on the successful operation of such franchisee's business. Variations from standard specifications and practices granted to other franchisees shall not under any circumstances, because to require us to disclose or grant to you a like or similar variation hereunder, either now or in the future.

**34. Entire Agreement; Modification.**

This Agreement and the exhibits constitute the entire agreement between the parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the parties. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon us or you unless in writing and signed by an authorized officer of both you and us; provided, however, Franchisor may unilaterally modify or otherwise change the

Manual(s). No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Nothing in this Agreement is intended to disclaim the representations we have made in the Franchise Disclosure Document which we furnished to you.

**35. Notices.**

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All notices permitted or required to be delivered pursuant to this Agreement shall be deemed so delivered:

1. when delivered by hand;
2. three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in either case addressed to the party to be notified at its most current principal business address of which the notifying party has been notified (which, in the case of Franchisee, includes the address of the Franchised Business); or
3. one (1) business day after being sent via email to the party to be notified as follows: if to Franchisor, to \_\_\_\_@\_\_\_\_.com and if to Franchisee, the Franchisor-provided email address for the Franchised Business.

**36. Miscellaneous.**

(a) All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all invalid or unenforceable provisions were not contained herein, and all partially valid and enforceable provisions shall be interpreted and enforced to the extent they are intelligible, valid and enforceable.

(b) If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of, or refusal to renew, this Agreement than is required hereunder, the prior notice or other action required by such law or rule shall be substituted for the notice requirements hereof. Such modifications to this Agreement shall be effective only in such jurisdiction and this Agreement shall otherwise be enforced as originally made and entered into in all other jurisdictions.

(c) No waiver by us or by you of any covenant or condition or the breach of any covenant or condition of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or non-observance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by us of any payments due to us hereunder shall not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by us shall be subject to our continuing review, may subsequently be revoked for any reason effective upon your receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights we may have.

(d) You shall not, on grounds of an alleged non-performance by us of any of our obligations or for any other reason, withhold payment of any amount due pursuant to the terms of this Agreement. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgement of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other

remedy provided herein or by law. We may apply any payments made by you against any past due indebtedness of yours as we may see fit. We may set off against any sums payable to you hereunder any unpaid debts due from you to us.

(e) The rights and remedies of the parties hereunder are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

(f) The headings of the sections hereof are for convenience only and do not modify, define, limit, expand or construe the contents of such sections.

(g) You agree and acknowledge that you have not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises, or inducements whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral hereto, made by us, our officers, members, managers, directors, shareholders, agents, employees or contractors not contained in this Agreement.

(h) Neither party hereto shall be liable for any loss or damage due to any delay in the performance of the terms hereof (except for the payment of money which shall not be delayed) by reason of strikes, lockouts and other labor troubles, fires, riots, wars, embargos and commotion, or acts of God; provided, however, the forgoing shall not apply to a party's payment obligations hereunder. Any such delay shall extend performance only so long as such event is in progress.

(i) In all respects, time shall be of the essence hereof.

(j) The provisions hereof shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and assigns unless otherwise specifically restricted by the terms of this Agreement.

(k) You and we agree that if this Agreement contains any errors or omissions that each will sign corrective documents as needed.

(l) You acknowledge and agree that exchanging information with us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and Affiliates ("Official Senders") to you during the Term and any renewal thereof. You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors, members, managers, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term.

(m) Whenever we reserve or are deemed to have reserved discretion in a particular area or where we agree or are deemed to be required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "Reasonable Business Judgment" in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Licensed Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity,

enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of your or any other franchisee's particular economic or other circumstances when exercising our Reasonable Business Judgment. Decisions we make using our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither you nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for our Reasonable Business Judgment.

(n) This Agreement has been written in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that you, your owners, and office personnel are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted and written in the English language. In addition, we will provide all services and materials under this Agreement, including without limitations the Manuals and all training programs, seminars, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

(o) The Section headings are for convenience only and do not define, limit or construe the contents thereof. The term "Franchisee" as used herein is applicable to one (1) or more persons, a corporation, limited liability company, or a partnership, as the case may be, and the singular usage includes the plural and the masculine and feminine usages include the other. If there is more than one signatory as "Franchisee", all of Franchisee's obligations hereunder and under any other agreement with Franchisor or its affiliates shall be joint and several in each and every respect and fully enforceable against each signatory. References in this Agreement to the termination of this Agreement, or the termination of the Term of the Agreement, shall be deemed to include the expiration of this Agreement without renewal.

### **37. Acknowledgements.**

(a) No representation has been made by us (or any employee, agent or salesperson thereof) and relied upon by you as to the future or past income, expenses, sales, volume or potential profitability, earnings or income of the Franchised Business, or any other franchised business, other than the information provided in our Franchise Disclosure Document.

(b) Prior to the execution of this Agreement, you have had the opportunity to contact all of our existing franchisees.

(c) You have had the opportunity to independently investigate, analyze and construe both the business opportunity being offered hereunder, and the terms and provisions of this Agreement, utilizing the services of counsel, accountants or other advisors (if you so elect).

(d) We have certain rights reserved to us to own and operate franchised businesses; to franchise other franchised businesses; and, to otherwise use the System, Licensed Marks, know-how, techniques and procedures, as we see fit.

(e) You have received a complete copy of this Agreement, with all Attachments, Exhibits referenced in this Agreement, and other related agreements, if any, at least seven (7) days prior to the date on which you executed this Agreement. You further acknowledge that you received our Franchise Disclosure Document at least fourteen (14) days prior to the date on which this Agreement was executed by you.

(f) No representation or statement has been made by us (or any employee, agent or salesperson thereof) and relied upon by you regarding your ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the Franchised Business.

(g) You affirm that all information set forth in any and all applications, financial statements and submissions to us is true, complete and accurate in all respects, with you expressly acknowledging that we are relying upon the truthfulness, completeness and accuracy of such information.

(h) You have carefully considered the nature and extent of the restrictions upon you set forth in this Agreement (including, without limitation, the covenants not to compete and the restrictions on assignment) and the rights and remedies conferred upon you and us under this Agreement. You acknowledge such restrictions, rights and remedies: (a) are reasonable, including, but not limited to, their term and geographic scope; (b) are designed to preclude competition which would be unfair to you and us; (c) are fully required to protect your and our legitimate business interests; and, (d) do not confer benefits upon you or us that are disproportionate to your detriment.

(i) You agree and acknowledge that fulfillment of any and all of our obligations in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be our sole responsibility and none of our agents, employees, representatives, nor any individuals associated with us or our affiliates shall be personally liable to you for any reason.

(j) You acknowledge and understand that any training, support, guidance or tools we provide to you as part of the Franchise are for the purpose of protecting the System, our brand, and the Licensed Marks and to assist you in the operation of your Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of the Franchised Business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters.

### **38. Counterparts.**

This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

### **39. Effective Date.**

This Agreement shall not be effective until accepted by us as evidenced by signing by an authorized officer of Franchisor. Such date shall be referred to herein as the Effective Date. If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which an authorized officer of the Franchisor has signed this Agreement, whichever is later.

[Signatures on the following page]

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

**FRANCHISOR:**

Men In Kilts US, LLC

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

**FRANCHISEE:**

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

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

## FRANCHISE AGREEMENT EXHIBIT A

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes as of \_\_\_\_\_, 20\_\_;

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

The "Qualified Household Number" applicable to the Territory is:

## FRANCHISE AGREEMENT EXHIBIT B

### Field Service Software Terms

[FRANCHISEE] and Men In Kilts US, LLC (“MIK”), are parties to a franchise agreement dated [DATE] (the “Franchise Agreement”) whereby FRANCHISEE is licensed to operate a franchised business under the Men In Kilts name or such other names or marks specified by MIK from time-to-time (the “Franchised Business”), in accordance with the operating standards established by MIK. Under the terms of the Franchise Agreement, Franchisee is required to use MIK’s prescribed field service software. This agreement (the “Agreement”) supplies the terms and conditions applicable to Franchisee’s purchase and use of MIK’s field service software as follows:

MIK has designated a third party (“Supplier”) as its exclusive field service software provider. Franchisee agrees that it will use the Supplier’s field service software (the “Software”) as its sole and exclusive field service software in connection with the operation of its Franchised Business.

1. Franchisee operates the following Men In Kilts franchise locations under the terms of the Franchise Agreement (the “Locations”):

[LOCATIONS – TRADE NAME/CODE/ADDRESS]

The Locations shall be taken together as a single “tenant” for purposes of operating the Software.

2. Franchisee shall pay to MIK all amounts charged by Supplier to MIK for Franchisee’s use of the Software. As of the date hereof, Franchisee shall pay a single tenant license fee of \$475 per month, plus applicable sales tax, which shall permit the use of the Software by up to ten (10) technician users. If Franchisee exceeds the 10 user limit, then Franchisee must purchase additional user licenses in blocs of 10 for the then-current fee per month charged by Supplier. Franchisee agrees that the fees stated in this Agreement may be increased by Supplier or new or substitute fees added by Supplier. In such event, MIK shall have the right to increase the then-current fees charged by it to Franchisee and to charge to Franchisee any new or substitute fees charged to MIK by the Supplier. Franchisee shall pay all such fees and other amounts to MIK at such times and in such manner as MIK may require from time-to-time. MIK shall provide Franchisee at least thirty (30) days written notice prior of any increase in fees or addition of any new or substitute fees.

3. Franchisee shall purchase implementation services from Supplier. The fee for implementation with data migration is \$2,000 and the fee for implementation without data migration is \$1,000.

4. From time-to-time Supplier may offer Franchisee the option to purchase additional services. All additional service purchases shall require a separate agreement with the Supplier that describe the services, prices and applicable terms. Such additional services are not required by MIK. Franchisee shall be responsible for any sales or other taxes required to be paid on any amounts payable under this Agreement.

5. Franchisee shall provide to MIK and Supplier all support requested or required to facilitate: (i) the migration of Franchisee’s customer data to the Software, (ii) the configuration and

testing of the Software, and (iii) the integration of the Software with other systems designated by MIK. Franchisee shall establish any accounts required by MIK or Supplier for the operation of the Software. Franchisee shall provide all technician user information, and any other information, reasonably requested by MIK or Supplier. Franchisee shall promptly sign all statements of work or other documents required by Supplier, including but not limited to the Acknowledgement and incorporated consent to share data that is attached hereto as Exhibit 1.

6. Franchisee agrees and acknowledges that Franchisee is solely responsible for entering all data in the Software in a timely and accurate manner. Franchisee shall be liable for any costs incurred by MIK to audit Franchisee's data. Franchisee agrees and acknowledges that any understatement of revenues or jobs, or failure to accurately report any data in the Software, shall constitute a default under this Agreement and the Franchise Agreement.

7. This Agreement shall be effective as of the latest date of signature by either party hereto. The Franchisee shall be billed for services under this Agreement beginning immediately upon the completion of implementation by Supplier. The term of this Agreement shall be identical to the term of the Franchise Agreement. MIK shall have the right to terminate this Agreement at any time and for any reason.

8. This Agreement is subject to and incorporated with and made a part of the Franchise Agreement and shall be governed by the terms and conditions thereof. Any breach of this Agreement shall constitute a breach of the Franchise Agreement, and any dispute under this Agreement shall be resolved in accordance with the terms of the Franchise Agreement.

9. This Agreement may be executed in any number of original or facsimile counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument. A signature to this Agreement transmitted electronically shall have the same authority, effect and enforceability as an original signature.

MEN IN KILTS US, LLC

[FRANCHISEE]

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

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

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

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

**FRANCHISE AGREEMENT EXHIBIT C**

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

**This Questionnaire shall not apply to residents of Maryland or Washington or if the franchise is located in Maryland or Washington.**

**FRANCHISE COMPLIANCE QUESTIONNAIRE**

As you prepare to enter into a Franchise Agreement with Men In Kilts US, LLC (“MIK”), it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by MIK and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments?

Yes \_\_\_\_ No \_\_\_\_

2. Have you received and personally reviewed the Franchise Agreement which you are to sign, with all its blanks completed?

Yes \_\_\_\_ No \_\_\_\_

If your answer is Yes, please state what date this completed Franchise Agreement was received:

\_\_\_\_\_

3. Have you received and personally reviewed our Franchise Disclosure Document (FDD)?

Yes \_\_\_\_ No \_\_\_\_

Please state the date you received the FDD: \_\_\_\_\_

Did you sign a receipt for the FDD confirming the date you received it?

Yes \_\_\_\_ No \_\_\_\_

4. Did you have an opportunity to review MIK’s Operation Manual and live data via their Cloud System?

Yes \_\_\_\_ No \_\_\_\_

5. Have you had the opportunity to discuss the benefits and risks associated with purchasing a MIK franchise with an attorney, accountant or other professional advisor?

Yes \_\_\_\_ No \_\_\_\_

Do you understand those risks?

Yes \_\_\_\_ No \_\_\_\_

6. Do you understand that the success or failure of your MIK franchise will depend in large part upon your skills and abilities, the competition, and general business and economic factors such as inflation, interest rates and cost of labor?

Yes \_\_\_\_ No \_\_\_\_

7. Do you understand that any training, support, guidance or tools we provide to you as part of the MIK franchise, are for the purpose of protecting the MIK brand and trademarks, and to assist you in the operation of your business and not for the purpose of controlling, or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters?

Yes \_\_\_\_ No \_\_\_\_

If No, please comment: \_\_\_\_\_

CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):

8. Has any employee, broker or other person representing MIK made any statements or promises concerning the revenues, profits or operating costs of a MIK franchise that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

9. Has any employee, broker or other person representing MIK made any statements or promises concerning the amount of money you may earn in the operating of a MIK franchise that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

10. Has any employee, broker or other person representing MIK made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a MIK franchise that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

11. Has any employee, broker or other person representing MIK made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

12. Has any employee, broker or other person representing MIK made any statements or promises concerning the costs you may incur in starting or operating the MIK franchise that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

13. Has any employee, broker or other person representing MIK made any statements or promises or agreements relating to the MIK franchise that contradicts any information in the FDD?

Yes \_\_\_\_ No \_\_\_\_

If you have answered Yes to any of the questions numbered 8 through 13 above, please provide a full explanation *for each*. Attach additional pages if necessary.

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*Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.*

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

Prospective Franchisee: \_\_\_\_\_

## FRANCHISE AGREEMENT EXHIBIT D

### GUARANTY AGREEMENT

This Guaranty Agreement (the "Agreement") is entered into as of \_\_\_\_\_, between \_\_\_\_\_ of \_\_\_\_\_ ("Guarantor"), and **Men In Kilts US, LLC**, a Massachusetts limited liability company ("Franchisor").

#### RECITALS

- A. WHEREAS, Franchisor and \_\_\_\_\_ ("Franchisee"), have entered into a Franchise Agreement dated \_\_\_\_\_, as it may be amended from time-to-time (the "Franchise Agreement").
- B. WHEREAS, Guarantor is a shareholder, director, officer, member, owner and/or partner of Franchisee.

NOW, THEREFORE, in consideration of, and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:

1. Guarantor warrants that the facts contained in Recitals A and B are correct;
2. Guarantor has read the terms and conditions of the Franchise Agreement and this Agreement;
3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement, and that Franchisee is obligated to perform thereunder, as if Guarantor had signed the Franchise Agreement individually as a party to the Franchise Agreement;
4. Guarantor personally, unconditionally, and irrevocably guarantees to Franchisor and its successors and assigns, that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement, will be punctually paid and performed during the term of the Franchise Agreement and thereafter, as applicable;
5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for, the breach of each and every provision in the Franchise Agreement;
6. Upon default by Franchisee under the Franchise Agreement or notice from Franchisor of Franchisee's default under the Franchise Agreement, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;
7. Without affecting the obligations of any Guarantor under this Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any Guarantor, or settle, adjust or compromise any claims against Franchisee or any Guarantor;
8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Agreement, including, without limitation, notice of presentment, demand for payment

or performance by Franchisee, any default by Franchisee or any Guarantor, and any release of any Guarantor or other security for the Franchise Agreement or the obligations of Franchisee thereunder;

9. Franchisor may pursue its rights against any Guarantor without first exhausting its remedies against Franchisee and without joining any other Guarantor hereto, and no delay on the part of Franchisor, in the exercise of any right or remedy, shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy, shall preclude the further exercise of such right or remedy. Guarantor shall be jointly and severally liable for all obligations under the Franchise Agreement and this Agreement with all other guarantors guaranteeing the obligations under the Franchise Agreement, regardless of whether such guarantors have executed this Agreement or a separate Guaranty Agreement;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of the deceased Guarantor shall be bound by this Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death. In any such event, the obligations of all other Guarantors, whether hereunder or under any other Guaranty Agreement, shall continue in full force and effect;
11. This Agreement will continue and is irrevocable during the term of the Franchise Agreement and, after its termination or expiration without renewal of the franchise granted thereunder, with respect to those provisions that survive its termination or expiration, which shall also include any transfer of the franchise granted thereunder;
12. Guarantor's obligations under this Agreement are effective on the effective date of the Franchise Agreement, regardless of the actual date of signature;
13. This Agreement is governed by Massachusetts law and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Massachusetts;
14. If Franchisor is required to enforce this Agreement in any judicial or arbitration proceeding or on any appeal, Guarantor shall reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Agreement;
15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Agreement.

IN WITNESS WHEREOF, Guarantor has entered into this Agreement effective as of the first date set forth above, regardless of the actual date of execution.

\_\_\_\_\_  
Signature

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

**FRANCHISE AGREEMENT EXHIBIT E**  
**TELEPHONE LISTING AGREEMENT**

THIS TELEPHONE LISTING AGREEMENT (the “Telephone Listing Agreement”) is made and entered into as of \_\_\_\_\_ (the “Effective Date”), by and between Men In Kilts US, LLC, a Massachusetts limited liability company (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (the “Franchisee”).

**WITNESSETH:**

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor for the operation of a Men In Kilts franchised business (the “Franchise Agreement”); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

**1. DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof without renewal of the franchise granted thereunder.

**2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire, during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Numbers and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be reasonably necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-

in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### **3. MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the Commonwealth of Massachusetts, without regard to the application of Massachusetts conflict of law rules.

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

**FRANCHISOR:**  
**MEN IN KILTS US, LLC**

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

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

**FRANCHISEE:**  
\_\_\_\_\_

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

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

**FRANCHISE AGREEMENT EXHIBIT F**

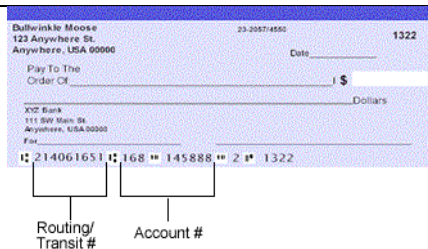
**MEN IN KILTS US, LLC**  
**ELECTRONIC FUNDS TRANSFER (EFT)**  
**AUTHORIZATION AGREEMENT**

The undersigned (“Franchisee”) hereby authorizes **Men In Kilts US, LLC**, a Massachusetts limited liability company, with principal offices at 77 North Washington Street, Boston, MA 02114 (“**MIK**”), to initiate electronic transfer of funds/direct debits for payment of any and all amounts which Franchisee may owe to **MIK** or its affiliates under any franchise agreement, note, security agreement, or other document or agreement between Franchisee and **MIK** or its affiliates (the “**Obligations**”). All transfer of funds/direct debits shall be made to and out of the business bank account (the “**Account**”) identified below at the Financial Institution identified below.

Franchisee acknowledge that the origination of Automated Clearing House (ACH) transactions to the Account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by the Financial Institution of any electronic funds transfer/direct debit, shall be Franchisee’s sole responsibility. This authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of the underlying Franchise Agreement between Franchisee and **MIK**.

Franchisee acknowledges that the Obligations will be debited by **MIK** as they become due, or the closest business day thereafter. Franchisee agrees to keep sufficient funds in the account listed below to pay all Obligations. If Franchisee does not have enough money in the Account to cover the transfer/direct debit, or if the Financial Institution for any other reason refuses to honor a transfer/direct debit, Franchisee will separately pay for the Obligations upon demand.

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



ENTITY: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 (duly authorized, or in their individual capacity)

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 (in their individual capacity)

Day Phone: \_\_\_\_\_ Evening Phone: \_\_\_\_\_

**FRANCHISE AGREEMENT EXHIBIT G**

**FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT**

**THIS AMENDMENT TO FRANCHISE AGREEMENT** (the “Amendment”) is made and entered into as of \_\_\_\_\_, by and between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 North Washington Street, Boston, Massachusetts 02114 (hereinafter “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ with its \_\_\_\_\_ at \_\_\_\_\_ (hereinafter “Franchisee”).

1. [FOR NEW FRANCHISEES]: The Initial Franchise Fee shall be refunded to Franchisee, within ten (10) days of the opening of the Franchise so long as Franchisee has opened the Franchise within the time set forth in the Franchise Agreement, and Franchisee is not otherwise in default of the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates. However, the foregoing does not apply to Franchisee if Franchisee is a resident of or domiciled in, or intending to operate the Franchise wholly or partly in, any of the states of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina.

[FOR CERTAIN NEW FRANCHISEES]: Franchisor waives the Initial Franchise Fee stated in Section 6(a) of the Franchise Agreement.

2. Section 6(c) of the Franchise Agreement is amended as follows:

Strike six percent (6%) and replace with ten percent (10%).

3. If the Franchise Agreement is renewed in accordance with Section 2 thereof, Franchisee and Franchisor agree that the Continuing Royalty rates, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply the foregoing Continuing Royalty rate.

4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

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

**MEN IN KILTS US, LLC**

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

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

**FRANCHISEE**

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

**FRANCHISE AGREEMENT EXHIBIT H**

**PROMISSORY NOTE**

\$ \_\_\_\_\_

Dated: \_\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned, [**FRANCHISEE ENTITY**] a [STATE] corporation/limited liability company with a principal place of business at [ADDRESS] (collectively referred to as “Maker”) promises to pay to the order of **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, (herein with its successors and/or assigns, “Payee”) having its principal place of business at 77 North Washington Street, Boston, MA, 02114, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of [**AMOUNT**] (**\$XX,XXX**) together with interest payable as follows:

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

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

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

4. **“Event of Default”**. An “Event of Default” shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the “Franchise Agreement(s)”), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any

material respect; or (d) Maker becomes subject to any bankruptcy, insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

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

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

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

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

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

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

11. **Limitation on Interest.** All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by

applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

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

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

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

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

16. **Release.** In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the "Franchisee Entities"), does hereby fully and finally release and forever discharge the Payee, and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the "Franchising Entities") of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys' fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and Payee dated \_\_\_\_\_, 20\_\_ (the "Franchise Agreement"), or any other agreement between the undersigned and Payee, including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be all obligations of **Payee** under the Franchise Agreement first accruing on and after the date hereof.

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

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

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



## FRANCHISE AGREEMENT EXHIBIT I

### RENEWAL AMENDMENT

**THIS FIRST AMENDMENT TO FRANCHISE AGREEMENT** (the “Amendment”) is made and entered into as of \_\_\_\_\_, by and between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 N. Washington Street, Boston, Massachusetts 02114 (hereinafter, “Franchisor”), and \_\_\_\_\_, [an individual] or [a \_\_\_\_\_ corporation/limited liability company with [a primary residence] or [its principal place of business] at \_\_\_\_\_ (hereinafter “Franchisee”).

Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_ for the operations of a Men In Kilts franchise around the area of \_\_\_\_\_ (“Old Franchise Agreement”) and now wish to renew the franchise.

Franchisor and Franchisee have entered into a renewal Franchise Agreement dated \_\_\_\_\_ (“Franchise Agreement”) and now agree to amend that Franchise Agreement as follows:

1. Franchisee hereby acknowledges that the Franchise Agreement shall continue in effect for a term of \_\_\_\_ years (the “Term”), unless terminated earlier pursuant to the terms of the Franchise Agreement.
2. Franchisor hereby acknowledges that Franchisee has completed the selection of location as set forth in **Section 3** of the Franchise Agreement.
3. Franchisor waives the initial training program requirement in **Section 4** of the Franchise Agreement.
4. The Initial Franchise Fee stated in **Section 6** of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.
5. Franchisee acknowledges that the Franchised Business is fully operational as of the Effective Date of the Franchise Agreement. Franchisee further acknowledges that Franchisee is responsible for all payments due upon commencement of operations (including minimum royalties) as of the Effective Date of the Franchise Agreement.
6. Franchisor and Franchisee agree that the Local Advertising spending requirement in **Section 8** applicable to the first 24 months of operation shall not apply.
7. Release. In consideration for Franchisor’s consent to renewal of the franchise, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the “Released Parties”), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under the old Franchise Agreement, the Franchise Agreement or this Addendum, or any other agreement, transaction, relationship, duty, obligation or in any

other form, known and unknown, from the beginning of the world until the date hereof, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this the Franchise Agreement or this Addendum.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. The Parties intend to amend the Franchise Agreement only as stated in this Amendment. All remaining provisions of the Franchise Agreement are unaltered hereby and are in full force and effect. Capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

9. This Amendment may be signed in counterparts, including in the form of a digital or e-signature, and such counterparts, when taken together, shall represent a full and complete signed document.

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

**FRANCHISOR:  
MEN IN KILTS US, LLC**

By:  
Name:  
Title:

**FRANCHISEE:  
[INSERT NAME OF FRANCHISEE]**

By:  
Name:  
Title:

## FRANCHISE AGREEMENT EXHIBIT J

### NOVATION AGREEMENT

**THIS NOVATION AGREEMENT** (the “Novation”) is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ by and between: (i) Men IN Kilts US, LLC (“MIK”), a Massachusetts limited liability company with its principal office at 77 North Washington Street, Boston, MA, 02114, [NAME], an individual with a primary address at \_\_\_\_\_, (“Franchisee”), an individual with a primary address at [ADDRESS], and ENTITY, a \_\_\_\_\_ limited liability company with its principal office at \_\_\_\_\_ (“ENTITY”)

### RECITALS

A. Franchisee is a Men In Kilts® franchisee under a franchise agreement with MIK dated [DATE] (the “Franchise Agreement”); and

B. Franchisee desires to transfer all of its right, title and interest under the Franchise Agreement and ownership of the franchise to [ENTITY]; and

C. Franchisee will enter into MIK’s then-current Guaranty Agreement as a condition to MIK’s consent to the foregoing transfer; and

D. The parties agree that as and from the date of this Novation (the “Effective Date”), the Franchise Agreement shall be novated from Franchisee to Entity, so that from the Effective Date ENTITY shall be bound by the terms of the Franchise Agreement in place of Franchisee and ENTITY agrees to acknowledge and expressly assume in the name, place and stead of Franchisee all liabilities and obligations of Franchisee under the Franchise Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained in this Novation and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

### AGREEMENT

1. As of the Effective Date, ENTITY agrees and undertakes to perform the obligations of Franchisee under the Franchise Agreement, whether arising prior to, on or subsequent to the Effective Date, and agrees to be bound by the terms and conditions of the Franchise Agreement in every way as if ENTITY were named as a party to the Franchise Agreement in place of Franchisee. ENTITY agrees to perform any and all past, present and future obligations of Franchisee under the Franchise Agreement and all other agreements executed in connection therewith.

2. As of the Effective Date, Franchisee releases MIK from the various covenants, undertakings, warranties and other obligations contained in the Franchise Agreement and from all claims and demands whatsoever in respect of the Franchise Agreement whether arising prior to, on or subsequent to the Effective Date.

3. MIK consents to the novation of ENTITY for Franchisee described in Section 1.

4. REPRESENTATIONS AND WARRANTIES OF ENTITY AND FRANCHISEE TO MIK

(i) ENTITY is a [limited liability company/corporation/partnership] duly constituted and validly existing and is in good standing under the laws of its incorporating jurisdiction and is duly qualified to conduct the business in each jurisdiction where the nature and extent of their business and property require the same.

(ii) ENTITY and Franchisee possess all requisite authority and power to execute, deliver and comply with the terms of this Novation. This Novation has been duly authorized by all necessary action, has been duly executed and delivered by ENTITY and Franchisee and constitutes a valid and binding obligation of ENTITY and Franchisee enforceable in accordance with its terms.

(iii) Franchisee has the right to novate its rights and benefits under the Franchise Agreement to ENTITY, free and clear of any charge, lien, pledge, security interest or direct or indirect participation interest in favor of any other person, and as of the Effective Date, the Franchise Agreement is free and clear of all charges, liens, pledges, security interests or direct or indirect participation interests in favor of any other person.

5. Personal Guaranty. Notwithstanding any terms herein that may be construed to the contrary, Franchisee shall enter into and be bound to the terms of MIK's then-current Guaranty Agreement, and that among the obligations guaranteed thereunder, are the obligations of ENTITY to perform under the Franchise Agreement and Franchisee shall be personally bound by and personally liable for each and every obligation of ENTITY under the Franchise Agreement.

6. Successors and Assigns. ENTITY may not assign, transfer, convey or otherwise delegate any of its rights, title, interest or obligations under the Franchise Agreement without MIK's prior written consent pursuant to the terms of the Franchise Agreement.

7. Governing Law, Venue and Dispute Resolution. This Novation shall be interpreted, construed and governed by and in accordance with the provisions of the Franchise Agreement.

8. Entire Agreement; Liability. This Novation shall constitute the entire integrated assignment between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties. The obligations of Franchisee and ENTITY hereunder are joint and several in each and every respect.

9. Right to Review and to Counsel. Each party declares that the terms of this Novation have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain, and confer with counsel.

10. Multiple Counterparts. This Novation may be executed in a number of identical counterparts, each of which, for all purposes, is to be deemed to be an original, and all of which constitute, collectively, one agreement, but in making proof of this Novation, it shall not be necessary to produce or account for more than one such counterpart.

*[Remainder of page intentionally blank; signature page follows]*

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**IN WITNESS WHEREOF**, the undersigned have affixed their signatures hereto as of the day and date first above written.

**MEN IN KILTS US, LLC**

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

**ENTITY**

\_\_\_\_\_  
By: [NAME], [TITLE]

\_\_\_\_\_  
BY: NAME, TITLE

**FRANCHISEE**

\_\_\_\_\_  
**(in his individual capacity)**

## FRANCHISE AGREEMENT EXHIBIT K

### MULTI-TERRITORY DEVELOPMENT ADDENDUM

This Multi-Territory Development Addendum (this “Addendum”) is made and entered into as of the \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and among MEN IN KILTS US, LLC, a Massachusetts limited liability company, with its principal place of business at 77 N. Washington Street, Boston, Massachusetts 0211 (“Franchisor”), [ENTITY], a \_\_\_\_\_ limited liability company/corporation and [ENTITY OR INDIVIDUAL NAME] (“You,” “Your,” or the “Franchisee”). If “You” are a business entity, “You” includes Your owners. Natural persons having an ownership interest in You if You are a business entity, are called an “Owner” and collectively “Owners.”

### INTRODUCTION

Franchisee and Franchisor have entered into one or more franchise agreements dated on or about \_\_\_\_\_ (the “Franchise Agreement(s)”) under which Franchisee shall own and operate a Men In Kilts® franchise in one or more contiguous territories (each a “Franchised Business”), as further described in the Franchise Agreement(s). Franchisor has agreed that Franchisee shall be provided extended time to begin operating a Franchised Business in each territory as set forth on the Rider (each a “Territory”) and further that the timing of fee payments under the Franchise Agreement(s) shall be similarly adjusted, all as set forth herein.

In consideration of the foregoing and the mutual covenants and consideration described below, You and Franchisor agree as follows:

1. Franchisee shall begin operating a Franchised Business in each Territory according to the schedule set forth in the Rider to this Addendum.
2. Franchisee has signed a Franchise Agreement for the operation of a Franchised Business in each Territory. Except as stated in this Addendum, the operation of the Franchised Business in each Territory will be subject to the terms of the applicable Franchise Agreement.
3. Franchisee shall pay the Initial Franchise Fee, as stated in the applicable Franchise Agreement, no later than the Effective Date. All such fees are non-refundable.
4. Franchisee shall not be obligated to complete the Initial Training Program prior to commencing operation of the Franchised Business in the second and additional Territories identified on the Rider.
5. Franchisee must commence operation of a Franchised Business in each Territory no later than the deadline stated on the Rider. If Franchisee begins servicing customers in the second or any additional Territory at any point, then the date of the first customer service provided in such Territory shall be deemed the commencement of operations in that Territory.
6. If Franchisee does not commence operations in a Territory according to the deadline stated in the Rider, Franchisor shall have the right to immediately terminate the applicable Franchise Agreement and all of Franchisee’s rights to operate the Franchised Business in that Territory and in all other Territories in which Franchisee has not yet commenced operations. A termination under this Section 6 shall not be grounds to terminate the Franchise Agreements applicable to any Territories in which Franchisee has commenced operations.

7. If, for any reason, any Franchise Agreement for a Territory in which Franchisee has commenced operations is terminated prior to Franchisee commencing operations in all Territories, then Franchisor shall have the right to immediately terminate the Franchise Agreements for any Territories in which Franchisee has not yet commenced operations.

8. Except as otherwise stated herein, this Addendum shall be made a part of each Franchise Agreement for each of the Territories described on the Rider, and any and all matters under this Addendum shall be governed by the terms of the applicable Franchise Agreement.

9. Any disputes arising out of this Addendum shall be governed by the terms of the Franchise Agreements.

10. This Addendum may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

[THIS ADDENDUM CONTINUES WITH A RIDER,  
WHICH IS A PART OF THIS ADDENDUM]

**MULTI-TERRITORY DEVELOPMENT ADDENDUM RIDER**

1. **Development Territories:**

<b>FRANCHISE AGREEMENT NO.</b>	<b>TERRITORY ID</b>	<b>ZIP CODES</b>

2. **Development Schedule.** Franchisee must commence operations of the Franchised Business in each Territory according to the following schedule:

<b>Franchise Agreement No.</b>	<b>Date by Which Operations must Commence in the Territory</b>
XXX-XXXX	
XXX-XXXX	

**MEN IN KILTS US, LLC**

By:  
Its:

**FRANCHISEE**

\_\_\_\_\_  
By: [NAME], [TITLE]

**EXHIBIT D**

**STATE SPECIFIC ADDENDA AND RIDERS**

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATES OF  
CONNECTICUT, GEORGIA, LOUISIANA,  
MAINE, NORTH CAROLINA AND SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the MEN IN KILTS US, LLC Franchise Disclosure Document, the following provision shall supersede and apply to all Men In Kilts franchises offered and sold in the states of Connecticut, Georgia, Louisiana, Maine, North Carolina and South Carolina:

If you are a new franchisee seeking to participate in the Franchise Option Program disclosed in Item 5 the refund of the Initial Franchise Fee will not apply to you if you reside in or are domiciled in, or your Franchised Business is located wholly or partly in, any of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina. However, you may otherwise participate in the Franchise Option Program and receive the same benefits as an existing franchisee under the Program.

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF CALIFORNIA

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

- A. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT OR AT LEAST 14 DAYS PRIOR TO THE RECEIPT OF ANY CONSIDERATION, WHICHEVER OCCURS FIRST.
- B. NO PERSON IN ITEM 2 OF THE FDD IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, 15 U.S.C.A. 78A ET SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN SUCH ASSOCIATION OR EXCHANGE.
- C. CALIFORNIA BUSINESS AND PROFESSIONS CODE 20000 THROUGH 20043 PROVIDES RIGHTS TO THE FRANCHISEE CONCERNING TERMINATION, TRANSFER OR NON-RENEWAL OF A FRANCHISE. IF THE FRANCHISE AGREEMENT CONTAINS A PROVISION THAT IS INCONSISTENT WITH THE LAW, THE LAW WILL CONTROL.
- D. THE FRANCHISE AGREEMENT PROVIDES FOR TERMINATION UPON BANKRUPTCY. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER FEDERAL BANKRUPTCY LAW. (11 U.S.C.A. SEC. 101 ET SEQ.).
- E. THE FRANCHISE AGREEMENT CONTAINS A LIQUIDATED DAMAGES CLAUSE. UNDER CALIFORNIA CIVIL CODE SECTION 1671, CERTAIN LIQUIDATED DAMAGES CLAUSES ARE UNENFORCEABLE.
- F. THE FRANCHISE AGREEMENT REQUIRES BINDING ARBITRATION. THE ARBITRATION WILL OCCUR IN BOSTON MASSACHUSETTS WITH THE COSTS BEING BORNE BY THE FRANCHISEE. 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. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.
- G. 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.
- H. OUR WEBSITE (WWW.MENINKILTS.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS, CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO

THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT  
WWW.DFPI.CA.GOV.

- I. THE FRANCHISE AGREEMENT REQUIRES APPLICATION OF THE LAWS OF COMMONWEALTH OF MASSACHUSETTS. THIS PROVISION MAY NOT BE ENFORCEABLE UNDER CALIFORNIA LAW.
- J. YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE SECTION 31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE SECTIONS 31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE SECTION 20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE SECTIONS 20000 THROUGH 20043).

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof Code § 31000, et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000, et seq., the Franchise Disclosure Document for Men In Kilts US, LLC offering franchises under the “Men In Kilts” mark for use in the State of California shall be amended as follows:

- 1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

If you execute a general release, in a form prescribed by the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, agents, and employees, the release must exclude such claims that you may have that have arisen under the California Franchise Investment Law or the California Franchise Relations Act.

- 2. Item 17, “Renewal, Termination, Transfer and Dispute Resolution”, shall be amended by adding the following disclosure:

The California Franchise Relations Act provides to franchisees additional rights concerning non-renewal. Notice of intention by the Franchisor not to renew a franchise agreement must be given at least 180 days prior to the expiration of the franchise agreement. In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

- 3. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

The California Franchise Relations Act provides to franchisees additional rights concerning termination. A franchise may be terminated only for good cause, and franchisees must be given notice of default and a reasonable opportunity to cure defects (except for certain defects, as specified in the statute, which require no notice or cure). In the event that any of the provisions of a franchise agreement conflict with the statute, the conflicting provisions will be considered invalid.

4. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by adding the following disclosure:

Covenants not to compete upon termination or expiration of the Franchise Agreement are not enforceable under California Law, except in limited circumstances. The Franchisor does not know whether the foregoing covenants are enforceable under California Law.

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

6. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the California Franchise Investment Law, Cal. Bus. & Prof. Code § 31000 et seq., and the California Franchise Relations Act, Cal. Corp. Code § 20000 et seq., the parties to the attached Franchise Agreement (the “Agreement”) agree as follows:

1. Sub-Section 14(c)(vi) of the Agreement, under the heading “Administrative Transfer” shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

You shall execute a general release under seal, in a form satisfactory to us, of any and all claims against us and our officers, directors, shareholders and employees, in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§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).

2. Section 12 of the Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.)

3. Section 20 of the Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

4. Section 14 of the Agreement requires binding arbitration. The arbitration will occur in Boston, Massachusetts with the costs being borne by the franchisee. 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.

4. Section 24 of the Agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.

5. Section 37 (a) through (j) of the Agreement are deleted in entirety and replaced with the following:

“[Intentionally Deleted]”

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

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF HAWAII

1. Men In Kilts US, LLC is currently registered to sell Men In Kilts franchises (or exempt from franchise registration) in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
2. The states in which the Men In Kilts Franchise Disclosure Document is or will be shortly on file (or exempt from franchise registration): California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
3. No state has refused, by order or otherwise, to register the Men In Kilts franchise.
4. No state has revoked or suspended the right to offer Men In Kilts franchises.
5. Men In Kilts US, LLC has not withdrawn the proposed registration of the Men In Kilts Franchise Disclosure Document in any state.
6. The state cover page of the Men In Kilts Franchise Disclosure Document is amended to include the following:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR 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.**

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF HAWAII

The Men In Kilts US, LLC Franchise Agreement for use in the State of Hawaii shall be amended as follows:

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS

The Franchise Disclosure Document for Men In Kilts US, LLC for use in the State of Illinois shall be amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 12 and 13 of the Illinois Franchise Disclosure Act.

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

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS

The Men In Kilts US, LLC Franchise Agreement for use in the State of Illinois shall be amended as follows:

Illinois law governs the agreements between the parties to this franchise. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 12 and 13 of the Illinois Franchise Disclosure Act.

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF INDIANA

In recognition of the Indiana Franchise Law, Title 23, Article 2, Chapter 2.5 Sections 1 through 51, the Franchise Disclosure Document for Men In Kilts US, LLC offering franchises under the “MEN IN KILTS” mark for use in the State of Indiana shall be amended as follows:

1. Item 17(c), pertaining to “Requirements for you to Renew or Extend” your Franchise Agreement, is hereby amended by adding the following paragraph:

“Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve MEN IN KILTS from liability imposed by Indiana State Code 23-2-2.7.”

2. Item 17(m) pertaining to requirements for approval of transfer, is hereby amended by adding the following:

“Indiana State Code 23-2-2.7-1(5) deems it unlawful for you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve MEN IN KILTS from liability imposed by Indiana State Code 23-2-2.7.”

3. Item 17(r), pertaining to the post-termination non-competition covenants, is hereby amended by adding the following paragraph:

“The post-termination covenant not to compete complies with Indiana State Code 23-2-2.7-1(9) which prohibits MEN IN KILTS from prohibiting you from competing for a period longer than 3 years or in an area greater than the exclusive area contained in your agreement.”

4. Item 17(t), pertaining to the integration/merger clause, is hereby amended by adding the following paragraph:

“Notwithstanding anything to the contrary contained in your agreement, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.”

5. Item 17(v), pertaining to the choice of forum, is hereby amended by adding the following paragraph:

“Choice of forum in any jurisdiction other than Indiana is prohibited under IC 23-2-2.7-1(10). MEN IN KILTS may not require that you agree to participate in any form of alternative dispute resolution other than arbitration before an independent arbitrator.”

6. Item 17(w), pertaining to the choice of law, is hereby amended by adding the following paragraph:

“The choice of Massachusetts law shall be subject to the superseding provisions in Indiana's Franchise Acts, IC 23-2-2.5 and 2.7.”

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF INDIANA

In recognition of Indiana Deceptive Franchise Practices Law, §§ IC 23-2-2.7, the parties to the attached MEN IN KILTS Franchise Agreement (the “Agreement”) agree as follows:

1. Section 25 of the Agreement, under the heading “Indemnification”, shall be supplemented by the addition of the following sentence:

“In no event shall this indemnification apply to liability caused by your proper reliance on or use of procedures or materials provided by MEN IN KILTS or because of MEN IN KILTS’ negligence.”

2. Section 20 of the Agreement, under the heading “Covenants of Non-Disclosure, Non-Solicitation and Non-Competition”, Section 24 of the Agreement, under the heading “Binding Arbitration”, Section 31 of the Agreement, under the heading “Damages and Waiver of Jury Trial”, and Addendum D of this Agreement “Guaranty Agreement” shall each be supplemented by the addition of the following paragraph:

“The reservation of rights by MEN IN KILTS to injunctive relief and specific damages or limitations on the remedies available to either party without benefit of appropriate process is prohibited under IC 23-2-2.7-1(10). You cannot be required to recognize the adequacy or inadequacy of any remedy. The waiver or release of any rights with regard to the Agreement is prohibited under IC 23-2-2.7-1(5).”

3. Section 2 of the Agreement, under the heading “Term and Renewal” and Section 14 of the Agreement, under the heading “Transfers”, shall be supplemented by the addition of the following sentence:

“You cannot be required to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve MEN IN KILTS from liability under Indiana Code 23-2-2.7.”

4. Section 36 of the Agreement, under the heading “Miscellaneous”, shall be supplemented by the addition of the following sentence:

“Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Franchise Disclosure Document.”

5. Section 24 of the Agreement, under the heading “Binding Arbitration”, shall be supplemented by the addition of the following paragraph:

“Notwithstanding anything to the contrary in this provision, venue for any cause of action brought under this Agreement shall be in Indiana pursuant to IC 23-2-2.7-1(10). Notwithstanding anything to the contrary in this provision, the choice of law for any cause of action brought under this Agreement shall be subject to any superseding provisions contained in Indiana’s Franchise Acts, IC 23-2-2.5 and 2.7. You shall be permitted to bring actions arising under IC 23-2-2.5 at any time within 3 years from the date of violation pursuant to IC 23-2-2.7-7.”

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND

In recognition of the MARYLAND Franchise Registration and Disclosure Law, as amended, the Franchise Disclosure Document for MEN IN KILTS US, LLC for use in the State of MARYLAND shall be amended as follows:

(1) Item 5 of this Disclosure Document is modified as follows: 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 within 3 years after the award of the franchise.

(3) Item 17 of this Disclosure Document is modified to state that provisions allowing termination on bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et seq.).

(4) Item 17 of this Disclosure Document, in the summary column of part (c), is modified to state that the general release required as a condition of renewal will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.

(5) Item 17 of this Disclosure Document, in the summary column of part (m), is modified to state that the general release required as a condition of transfer will not apply to any claim arising under the Maryland Franchise Registration and Disclosure Law.

(6) Item 17 of this Disclosure Document, in the summary column of part (v), is modified to state that the franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND

The Franchise Agreement between \_\_\_\_\_ (“Franchisee”) and MEN IN KILTS US, LLC, a Massachusetts limited liability company (“Franchisor”), dated \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement”), shall be amended by the addition of the following language, which shall be considered an integral part of this Agreement (this “Amendment”):

**MARYLAND LAW MODIFICATIONS**

1. Based upon the Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement.

2. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. The Franchise Agreement requires the Franchisee to execute a general release as a condition of renewal. The Franchise Agreement is amended to state that the general release required as a condition of renewal shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- b. The Franchise Agreement requires the Franchisee to execute a general release as a condition of assignment/transfer. The Franchise Agreement is amended to state that the general release required as a condition of assignment/transfer shall exclude claims arising under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- c. The Franchise Agreement requires the Franchisee to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law. The Franchise Agreement is amended to state that such acknowledgements shall be void with respect to claims under the Law and such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- d. The Franchise Agreement requires arbitration to be conducted in the Commonwealth of Massachusetts. The Franchise Agreement is amended to state that the requirement for dispute resolution to be conducted in a forum other than the State of Maryland shall not be interpreted to limit any rights Franchisee may have to bring suit in the state of Maryland. A Franchisee may file an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

- e. The Franchise Agreement requires the Franchisee to disclaim the occurrence and/or acknowledge the non-occurrence of acts that would constitute a violation of the Law as a condition of the sale of a franchise. Maryland Franchise Registration and Disclosure Law prohibits a Franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. The Franchise Agreement is amended to state that such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
- f. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- g. Section 37 of the Franchise Agreement entitled Acknowledgments is hereby deleted in its entirety and replaced with “[Intentionally Deleted]”.

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

4. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA

As to franchises governed by the Minnesota franchise laws, if any of the terms of the Franchise Disclosure Document are inconsistent with the terms below, the terms below control:

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

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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

Minnesota Rule Part 2869.4400(D) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J).

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA

If any of the terms of the Franchise Agreement are inconsistent with the terms below, the terms below control:

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

Minn. Stat. Sec. 80C.21 and Minnesota Rule Part 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

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

Minnesota Rule Part 2869.4400(D) prohibits franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J).

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.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

The Initial Franchise Fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

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

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

8. Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.**

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA

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

“Give us at least 90 days’ notice of your intention to renew, sign our current form of franchise agreement and ancillary agreements, sign a release (except for matters coming under the North Dakota Franchise Investment Law (the “North Dakota Law”).”

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

“Any requirement that you must consent to termination or liquidated damages may not be enforceable under North Dakota Franchise Investment Law.”

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

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

4. The Summary column of Item 17 paragraph (u) of this Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the North Dakota Law will be submitted to arbitration in a mutually agreeable location.”

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

“Except for matters coming under the North Dakota Law, litigation and arbitration must be in Massachusetts.”

6. The Summary column of Item 17 paragraph (w) of this Disclosure Document is amended to read as follows:

“The law of North Dakota governs.”

7. The North Dakota Securities Commissioner has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages;

General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement; and

Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

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

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF NORTH DAKOTA

This Rider is entered into this \_\_\_\_\_, 20\_\_ (the “Effective Date”), between MEN IN KILTS US, LLC, a Massachusetts limited liability company, with its principal business address at 77 North Washington Street, Boston MA 02114 (“we,” “us,” “our” or “Franchisor”), and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (referred to in this Rider as “you,” “your” or “Franchisee”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “North Dakota Law”).
3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete, such as those mentioned in Section 20, are generally unenforceable in the State of North Dakota.
4. **Jurisdiction.** All matters coming under the North Dakota Law may be brought in the courts of North Dakota.
5. **Waiver of Punitive Damages.** The first sentence in Section 31 of the Agreement is deleted in its entirety.
6. **Limitation of Claims.** The statute of limitations under North Dakota Law applies to all matters coming under North Dakota Law.
7. **Governing Law.** This Agreement will be governed by North Dakota Law.
8. **Waiver of Jury Trial.** The last 3 sentences in Section 31 of the Agreement are deleted in their entirety.
9. **Arbitration.** All matters being arbitrated under North Dakota Law may be brought in a location agreeable to both the Franchisor and the Franchisee. Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.
10. **Liquidated Damages.** Franchisee’s consent to termination or liquidated damages, such as those mentioned in Section 31, is generally unenforceable under North Dakota Law.
11. **General Release.** Franchisee’s consent to general release is generally unenforceable under North Dakota Law.
12. **Acknowledgment.** No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the Franchisor, franchisee

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the Franchise Disclosure Document for Men In Kilts US, LLC for use in the State of Rhode Island shall be amended as follows:

1. Item 17, “Renewal, Termination, Transfer and Dispute Resolution” shall be amended by the addition of the following paragraph:

“If you are a franchisee in Rhode Island, then the choice of law and venue provisions of your Franchise Agreement will not be enforceable.”

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the Rhode Island Franchise Investment Act, as amended, the parties to the attached Men In Kilts US, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section 24 of the Agreement, under the heading “Binding Arbitration”, shall be amended to add the following:

“Provided that the Rhode Island Franchise Investment Act or a successor law should void a choice of law provision enforcing the laws of a jurisdiction other than Rhode Island or void a venue provision which restricts jurisdiction outside of Rhode Island, then all references to choice of law and/or venue shall read “Rhode Island.”

IN WITNESS WHEREOF, the parties intending to be bound legally, have fully executed, sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF SOUTH DAKOTA

1. The Summary column of Item 17 Paragraph (g) of this Disclosure Document is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

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

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”

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

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

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

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Massachusetts.

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

The law of South Dakota governs.

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF SOUTH DAKOTA

This Rider is entered into this \_\_\_\_\_, 20\_\_ (the “Effective Date”), between MEN IN KILTS US, LLC, a Massachusetts limited liability company, with its principal business address at 77 North Washington Street, Boston MA 02114 (“we,” “us,” “our” or “Franchisor”), and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (referred to in this Rider as “you,” “your” or “Franchisee”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Grant of Successor Franchise.** You are not required to sign a general release as to any matters coming under the South Dakota Law.
3. **Post-Term Competitive Restrictions.** Post-effective Covenants not to compete, such as those mentioned in Section 20, are generally unenforceable in the State of South Dakota, except in certain instances provided by law.
4. **Jurisdiction.** All matters coming under the South Dakota Law may be brought in the courts of South Dakota.
5. **Waiver of Punitive Damages.** The first sentence in Section 31 of the Agreement is deleted in its entirety.
6. **Limitation of Claims.** The statute of limitations under South Dakota Law applies to all matters coming under South Dakota Law.
7. **Governing Law.** This Agreement will be governed by South Dakota Law.
8. **Waiver of Jury Trial.** The last 3 sentences in Section 31 of the Agreement are deleted in their entirety.
9. **Arbitration.** All matters being arbitrated under South Dakota Law may be brought in a location agreeable to both the Franchisor and the Franchisee.
10. **Termination.** The following is added as Section 16(d) of the Agreement: You will have 30 days written notice with an opportunity to cure prior to termination for the following: breach of the franchise agreement, failure to meeting performance and quality standards and failure to make royalty payments.

Intending to be bound, you and we sign and deliver this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Men In Kilts US, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to Item 17.h of the Franchise Disclosure Document:

“Under Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.”

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

AMENDMENT TOMEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF VIRGINIA

This Rider is entered into this \_\_\_\_\_, 20\_\_ (the “Effective Date”), between MEN IN KILTS US, LLC, a Massachusetts limited liability company, with its principal business address at 77 North Washington Street, Boston MA 02114 (“we,” “us,” “our” or “Franchisor”), and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (referred to in this Rider as “you,” “your” or “Franchisee”) and amends the Franchise Agreement between the parties dated as of the Effective Date (the “Agreement”).

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

WASHINGTON ADDENDUM TO MEN IN KILTS US, LLC  
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 Judgment.** 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. **Nonsolicitation 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. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.

WASHINGTON ADDENDUM TO THE  
FRANCHISE AGREEMENT AND ANY RELATED AGREEMENTS

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 Judgment.** 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. **Nonsolicitation 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. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such location.
20. Section 37 of the Franchise Agreement entitled Acknowledgments is hereby deleted in its entirety and replaced with “[Intentionally Deleted]”.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

ADDENDUM TO MEN IN KILTS US, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WISCONSIN

The Franchise Disclosure Document for Men In Kilts US, LLC for use in the State of Wisconsin shall be amended as follows:

Cover Page:

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF WISCONSIN OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE WISCONSIN FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 10 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 10 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENTS ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.**

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

“To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

“To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

“Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.”

AMENDMENT TO MEN IN KILTS US, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN

In recognition of the Wisconsin Fair Dealership Law, Wisconsin Statutes, §§ 135.01 -135.07, the parties to the attached Men In Kilts US, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section 2 of the Agreement, under the heading “Term and Renewal”, shall be supplemented by the addition of a new final paragraph as follows:

“To the extent that the provisions of Section 2 regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect.”

2. Section 12 of the Agreement under the heading “Termination of the Franchise”, shall be supplemented by the following new subparagraph 16(d) entitled “Termination Rights under Wisconsin Law”:

“To the extent that the provision of Section 12 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants you the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year written.

**FRANCHISOR:**

MEN IN KILTS US, LLC

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

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

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

**FRANCHISEE:**

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

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

**EXHIBIT E**

**FORM OF MUTUAL TERMINATION AND GENERAL RELEASE**

**FORM OF MUTUAL TERMINATION AND GENERAL RELEASE**

**THIS MUTUAL TERMINATION AND GENERAL RELEASE** (the “Agreement”) is entered into as of \_\_\_\_\_, by and between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 North Washington Street, Boston, Massachusetts 02114 (hereinafter, “Franchisor”), and \_\_\_\_\_ (hereinafter, “Franchisee”) located \_\_\_\_\_ at \_\_\_\_\_.

**WITNESSETH**

**WHEREAS**, Franchisor and Franchisee had entered into a Franchise Agreement dated \_\_\_\_\_ (hereinafter “Original Franchise Agreement”), with respect to the operation of a business which provides on-location window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services (hereinafter “MIK”); and

**WHEREAS**, the Franchisor has agreed to Franchisee’s purchase of additional territory on the condition that Franchisee enters into Franchisor’s then-current Franchise Agreement (hereinafter “the New Franchise Agreement”), and upon so doing, Franchisor and Franchisee agree to mutually terminate the Original Franchise Agreement by signing this Mutual Termination Agreement.

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

1. It is hereby mutually agreed between the Franchisor and Franchisee that subject to the terms and conditions of this Agreement, the Original Franchise Agreement is hereby terminated; provided, however, any obligations which by their terms are intended to survive termination, including but not limited to, the confidentiality, non-competition and indemnification obligations, shall continue until they otherwise expire by their terms.

2. Franchisee hereby acknowledges that by entering into this Agreement, all of the Franchisee’s rights under the Original Franchise Agreement, as a Men In Kilts franchisee are immediately terminated.

3. Effective as of the date hereof and to the extent allowed by applicable law, Franchisee, for itself and its beneficiaries, attorneys, representatives, successors, heirs and assigns (collectively hereinafter the “Franchisee Parties”) hereby waive, release and forever discharge Franchisor and its shareholders, affiliates, beneficiaries, officers, partners, directors, employees, attorneys, representatives, successors, heirs and assigns, jointly and severally, from all demands, actions, causes of action, suits, proceedings, covenants, claims, executions, judgments, losses, damages, penalties, obligations and liabilities whatsoever (collectively “Claims or Suits”), of every nature, kind, type, or description, in law or in equity, directly or indirectly arising out of, resulting from or relating to the Original Franchise Agreement, or the performance of the obligations of the parties thereto, whether known, unknown, direct, indirect, absolute, contingent, disclosed or undisclosed, that Franchisee Parties have or ever had against Franchisor. It is the express intention of the parties hereto, that this release be as broad as permitted by law.

4. Franchisee intends this Release to acquit and forever fully discharge Franchisor, and any parent or direct or indirect subsidiary thereof, any division or affiliate, and its or their respective officers, directors, shareholders, employees, agents, representatives, successors and assigns, and each of them.

5. Franchisee acknowledges that Franchisee is still bound by all obligations under the Franchise Agreement, which by their terms are intended to survive termination, including, but not limited to, the confidentiality, non-competition and indemnification obligations, which shall continue until they otherwise expire by their terms.

6. Franchisee agrees that Franchisee will not use the Men In Kilts System or Men In Kilts network of franchisees for any purpose without the Franchisor's prior written permission.

7. Franchisee agrees that Franchisee will not disparage Franchisor, its successors and assigns, the Men In Kilts System, or any of their present or former shareholders, directors, officers, employees or franchisees.

8. This Agreement and the rights, duties and obligations of the parties hereunder, shall in all respects be governed by and construed and enforced in accordance with the laws of the Commonwealth of Massachusetts.

9. This Agreement shall be binding upon Franchisee and its heirs, legal representatives, successors and assigns, and upon Franchisor and its successors and assigns.

10. This Agreement may be executed in any number of counterparts each of which, when executed and delivered, shall be deemed an original, but all of which shall together constitute one and the same agreement.

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

**FRANCHISOR:**  
**Men In Kilts US, LLC**

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

**FRANCHISEE:**

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

**Applicable to Maryland Residents Only:** This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The general release set forth in Section 3 above shall not apply to any claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**EXHIBIT F**

**LISTS OF CURRENT AND FORMER FRANCHISEES**  
**(AS OF DECEMBER 31, 2024)**

**CURRENT FRANCHISEES**

**UNITED STATES**

<b>Alabama</b>	<b>TERRITORIES</b>
Kolter Winton 1808 Center Springs Road Somerville, AL 35670 256-345-9504	1
<b>Colorado</b>	
Jerry Powell 1635 Little Bear Creek Pt., Unit 103 Colorado Springs, CO 80904 620-218-8001	2
Danny Salzman 967 N Marion Street Denver, CO 80218 720-598-0535	3
Kyle Boswood 17115 NW 203rd Street Okeechobee, FL 34972 907-378-1839	4
<b>Florida</b>	
Darius Matis 777 Arthur Godfrey Suite 402 Miami Beach, FL 33104 403-966-2212	1
Carlos and Andrea Ponce 3135 SW 3 <sup>rd</sup> Ave. Miami, FL 33129 305-619-3932	2
<b>Kentucky</b>	
Dan Noel 3209 Mist Lake Court Lexington, KY 40515 502-432-6319	1
<b>New York</b>	
Patrick Smith 1 Town Garden, Apt 2 Liverpool, TX 13088 719-205-2755	1
<b>Ohio</b>	
James Schooley 3116 W Montgomery Road Suite C124 Maineville, OH 45039 513-283-0002	1
<b>Pennsylvania</b>	
Zook Window Cleaning, LLC Jesse Zook 7912 Ardleigh Street Philadelphia, PA 19118 610-451-1588	2

<b>Tennessee</b>	
BTW Holdings LLC Brad Williams 1222 Madison Street Clarksville, TN 37040 931-994-0046	4
<b>Virginia</b>	
Kijoon and Deborah Lee 6204 White Elm Ct Suffolk, VA 23435 757-343-6433	1

**FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT BUT NOT OPENED  
FOR BUSINESS AS OF DECEMBER 31, 2024**

<b>TENNESSEE</b>
BTW Holdings LLC Brad Williams 1222 Madison Street Clarksville, TN 37040 931-994-0046

**CANADA**

<b>Alberta</b>	<b>TERRITORIES</b>
Spencer Wik 101, 19 15 27 Ave. NE Calgary, Alta. T2E 7E4 403.607.2722	1
Spencer Wik 101, 19 15 27 Ave. NE Calgary, Alta. T2E 7E4 403.607.2722	1
Jared Trail & Brad Stock PO Box 40075 Canmore Crossing Canmore, Alta. T1W 3H9 587.899.2462	1
Barkley Carrier PO Box 21086 RPO Bower Place Red Deer, Alta. 587.897.0917	1
<b>British Columbia</b>	
Chris Strong & Janice June Marshall #41, 3647 Vermont Place Campbell River, BC V9H 0B9 250.202.8308	1
Jared Trail, Brad Stock, Terry Charmichael 2206 Shannon Woods Place Kelowna, BC V4T 2L9 250.215.4079	1
Nicholas Brand 136-12100 Riverside Way Richmond, BC V6W 1K5 604.808.7377	4
Nicholas Brand 136-12100 Riverside Way Richmond, BC V6W 1K5 604.808.7377	1

Ian MacGregor Box 67 51 3 <sup>rd</sup> Street, NE Salmon Arm, BC V1E 4N2 250.320.4400	1
Peter Waterfield & Duff Gardner 3414 Browning Street Victoria, BC V8P 4E1 250.217.8324	1
<b>Ontario</b>	
Derek Kerwin 30 Frontier Ave. Orillia, ON L3V 7S8 705.305.3006	1
Dave Buckler and Jonathan Shelson 2300 John Street, Suite 3B Thornhill, ON L3T 6G7 403.770.9430	4
Ben & Lisa Snow 1116 Belle Isle View Blvd. Windsor, ON N8S 3G7 403.483.1115	1
<b>Saskatchewan</b>	
Tess Day #101 1150 Rose Street Regina, Sask. S4R 1Z6 306.527.1122	1

**LIST OF FORMER FRANCHISEES THAT HAVE CEASED TO DO BUSINESS UNDER THE  
FRANCHISE AGREEMENT OR HAD AN OUTLET TERMINATED, TRANSFERRED,  
CANCELED OR NOT RENEWED, WITHIN THE FISCAL YEAR ENDED DECEMBER 31,  
2024, OR WHO HAS NOT COMMUNICATED WITH THE FRANCHISOR WITHIN 10 WEEKS  
OF THE ISSUANCE DATE OF THE DISCLOSURE DOCUMENT**

**UNITED STATES**

<b>FLORIDA</b>	<b>Reason</b>
Perez Oklander 304 Indian Trace, Suite 626, Weston, FL 33326 54 9 11 5010 3574	Termination
Perez Oklander** 304 Indian Trace, Suite 626 Weston, FL 33326 54 9 11 5010 3574	Termination
<b>TEXAS</b>	
Erika Salles, Pedro Miguel Salles and Carlos Mauricio Salles** 2301 S Millbend Dr #1910 The Woodlands, TX 77380 (281) 886-8541	Termination

\*\*Franchise Agreement terminated prior to opening.

**CANADA**

<b>ONTARIO</b>	
Dave Buckler and Jonathan Shelson 2300 John Street, Suite 3B Thornhill, ON L3T 6G7 403.770.9430	Ceased Operations - Other Reasons
Dave Buckler and Jonathan Shelson 2300 John Street, Suite 3B Thornhill, ON L3T 6G7 403.770.9430	Ceased Operations - Other Reasons

**EXHIBIT G**

**CONVERSION FRANCHISE ADDENDUM**

## EXHIBIT G

### MEN IN KILTS US, LLC CONVERSION FRANCHISE ADDENDUM

This Conversion Addendum (the “Addendum”) is made and entered into as of \_\_\_\_\_, between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 North Washington Street, Boston, Massachusetts 02114 (hereinafter, “Franchisor”), and \_\_\_\_\_ whose principal address is \_\_\_\_\_, an individual/business entity organized in the State of \_\_\_\_\_ (hereinafter, “Conversion Franchisee”)

#### RECITALS

**WHEREAS**, Franchisor and Conversion Franchisee have simultaneously herewith entered into a Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a Men In Kilts Franchised Business, to use Franchisor’s Marks, and to utilize Franchisor’s System in connection therewith (the “Franchise Agreement”);

**WHEREAS**, Conversion Franchisee has submitted an application to Franchisor seeking permission to become a Conversion Franchisee of Franchisor, and Franchisor has approved such application;

**WHEREAS**, Conversion Franchisee presently owns and operates a business providing on-location window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services similar, if not identical, to those offered by Men In Kilts Franchised Businesses from a location approved by Franchisor, and has done so for a period of not less than six (6) continuous months; and further, Conversion Franchisee represents and acknowledges that it has met Franchisor’s standards and qualifications to be classified as a “Conversion”, and upon reliance on Conversion Franchisee’s representation to Franchisor of such, Franchisor approves of such conversion classification;

**WHEREAS**, Conversion Franchisee represents and acknowledges that during the immediately preceding six (6) months of business operations, its business has generated in excess of Twenty Five Thousand Dollars (\$25,000) in sales;

**WHEREAS**, Conversion Franchisee has represented and acknowledged that it does not operate under a franchise agreement, licensing agreement, or a prescribed marketing plan or system of another company, and is not subject to any agreements limiting or restricting Conversion Franchisee’s ability to conduct said business;

**WHEREAS**, Conversion Franchisee acknowledges that by becoming a franchisee of Franchisor it will be subject to covenants against competition, confidentiality agreements and standards of performance and quality which otherwise would not attach to its business operations; and

**WHEREAS**, Franchisor desires to grant to Conversion Franchisee a franchise upon the terms and subject to the conditions hereof, and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

**NOW, THEREFORE, THE PARTIES, IN CONSIDERATION OF THE UNDERTAKINGS AND COMMITMENTS OF EACH PARTY TO THE OTHER SET FORTH IN THIS ADDENDUM, HEREBY AGREE AS FOLLOWS:**

**1. RECITALS**

The Recitals set forth above are incorporated herein by reference.

**2. AMENDMENT OF FRANCHISE AGREEMENT**

- a. This Addendum shall amend and supplement the Franchise Agreement. The terms, covenants, and conditions of this Addendum are incorporated into the Franchise Agreement, and with respect to any conflict between the two (2) agreements, the terms of this Addendum shall be controlling with respect to the subject matter hereof.
- b. Except as expressly set forth in this Addendum, the rights, duties and obligations of the parties with respect to the Men In Kilts Franchised Business shall be the same as the rights, duties, and obligations of the parties with respect to the Franchised Business described in the Franchise Agreement.

**3. INITIAL FRANCHISE FEE**

In consideration for the franchise granted herein, Franchisor shall waive the Initial Franchise Fee.

**4. CONTINUING ROYALTY FEE**

For the first 2 years of the Franchise Agreement only, Conversion Franchisee will have a discounted monthly Continuing Royalty rate equal to two percent (2%) of the prior month's Gross Consumer Sales or a monthly Minimum Royalty of Two Hundred Fifty Dollars (\$250), whichever is greater.

**5. CONVERSION OF FRANCHISEE'S BUSINESS TO THE MEN IN KILTS SYSTEM**

- a. Prior to the execution of the Franchise Agreement and this Addendum, Conversion Franchisee shall have furnished to Franchisor, in conjunction with its application to be accepted as a Men In Kilts Conversion Franchisee, information pertaining to the existing site of Conversion Franchisee's business. Such information includes, but is not limited to, a map and written description of the existing site; demographic and population information relating to the local market; photographs and architectural plans of the existing location; the lease for the location; and, such other information as Franchisor in its sole discretion deems appropriate.
- b. Prior to the commencement of operation of the Franchised Business, Conversion Franchisee must remove all materials, furniture, fixtures, signs and equipment which do not conform with the Men In Kilts System; are not approved by Franchisor; and, which do not meet the standards and specifications prescribed in Franchisor's Manuals (as amended from time to time).
- c. Conversion Franchisee understands and hereby acknowledges that every component of the Men In Kilts System is vital to Franchisor, to other Men In Kilts franchisees and to the operation of the business franchised hereby, and that compliance with the System is of the essence of this Addendum. Conversion Franchisee shall, at all times, conduct the Franchised Business hereunder in compliance with the Men In Kilts System and cease rendering services or using equipment,

materials, furniture, fixtures or signs which are not designated by Franchisor to be components of the Men In Kilts System.

- d. As of the date on which Conversion Franchisee commences operating its business as a Men In Kilts Franchised Business, Conversion Franchisee shall identify and represent its business as a Men In Kilts business through the use and display of Franchisor's proprietary marks. During a period of one (1) year from the commencement of business as a Men In Kilts franchisee, Conversion Franchisee may display, with Franchisor's prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Confidential Manuals, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business. However, on the first anniversary of the commencement of operations as a Men In Kilts franchisee, or at such later date as the parties may agree, Conversion Franchisee, at its sole cost and expense, shall cease using all references to its prior trade name and carry out its business activities only as a Men In Kilts franchisee and only under the Men In Kilts Licensed Marks.
- e. As of the date on which Conversion Franchisee commences operating its business as a Men In Kilts Franchised Business, Conversion Franchisee shall convert all of its books, accounts, ledgers, customer lists, bookkeeping systems, etc. so as to comply with the standards and specifications of the Men In Kilts System, as is more fully set forth in Franchisor's Confidential Manuals, as amended from time to time.
- f. Unless otherwise approved in writing by Franchisor, Conversion Franchisee shall complete to Franchisor's satisfaction, Franchisor's required training program; complete all construction, renovations, or refurbishing required by Franchisor; comply with all of Franchisor's standards and specifications with respect to goods, materials, equipment and services; and commence operation of the Franchised Business within sixty (60) days after the execution of the Franchise Agreement and this Addendum.

## 6. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

- a. Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a business or has been employed in a business providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services similar to those offered under the Men In Kilts System, it covenants and agrees to be bound by the restrictions on the use of confidential information set forth in the Franchise Agreement. Conversion Franchisee further acknowledges that all information pertaining to customers of Conversion Franchisee prior to the execution of the Franchise Agreement shall be deemed to be "confidential information" as that term is used in the Franchise Agreement.
- b. Conversion Franchisee expressly acknowledges that despite the fact that it had been in the business or has been employed in the business of providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services prior to becoming a Men In Kilts franchisee, Conversion Franchisee shall be bound by the in-term and post-term covenants not to compete set forth in the Franchise Agreement and all other applicable post-termination obligations of the Franchise Agreement.

## 7. ACKNOWLEDGMENTS

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

- a. It has, for at least six (6) continuous months, owned and operated a business of providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services and offering and providing services similar to those offered through the franchised System.
- b. During the immediately preceding six (6) months of business operations, Conversion Franchisee's business has generated in excess of Twenty Five Thousand Dollars (\$25,000) in sales.
- c. Its business does not operate under either a franchise agreement, licensing agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition.
- d. No other person, firm, corporation, or other entity has any right, title or interest in or to Conversion Franchisee's business; Conversion Franchisee's business has not been mortgaged, pledged, or assigned; and, there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee's interest in said business.
- e. Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Addendum are accurate and truthful.
- f. Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Addendum the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and further acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which comprise or may in the future comprise a part of the Men In Kilts System is expressly limited.
- g. Furthermore, Conversion Franchisee expressly acknowledges and understands that this Addendum amends and supplements the Franchise Agreement, and that the terms and conditions of this Addendum, are incorporated into the Franchise Agreement, as though set forth in full therein.
- h. Nothing in this Addendum, or any related agreement, is intended to disclaim any representations of Franchisor in the Franchise Disclosure Document.

[SIGNATURES ON FOLLOWING PAGE]

**IN WITNESS WHEREOF**, the parties hereunder have duly executed, sealed and delivered this Addendum on the day and year first set forth above.

**FRANCHISOR:  
MEN IN KILTS US, LLC**

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

**CONVERSION FRANCHISEE:  
[INSERT NAME OF FRANCHISEE]**

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

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

**EXHIBIT H**

**SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

## EXHIBIT H

### MEN IN KILTS US, LLC SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This Agreement is made and entered into as of \_\_\_\_\_, between **MEN IN KILTS US, LLC**, a Massachusetts limited liability company, with its principal place of business at 77 North Washington Street, Boston, Massachusetts 02114 (“Franchisor”) and \_\_\_\_\_, a/an \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_, the spouse or domestic partner of an owner of Franchisee (“Signer”) with a primary residence at \_\_\_\_\_.

#### RECITALS

**WHEREAS**, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter “MEN IN KILTS SYSTEM”) for the development and operation of a business which provide window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services under the trade name and mark MEN IN KILTS (hereinafter “MEN IN KILTS”);

**WHEREAS**, MEN IN KILTS SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark MEN IN KILTS, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying MEN IN KILTS SYSTEM, and such other distinguishing characteristics of MEN IN KILTS SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time (“Trade Secrets”);

**WHEREAS**, Franchisor’s Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets;

**WHEREAS**, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Trade Secrets;

**WHEREAS**, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using MEN IN KILTS SYSTEM and Franchisor’s Trade Secrets for a period defined in the Franchise Agreement (“Franchise Agreement”);

**WHEREAS**, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of MEN IN KILTS SYSTEM of restricting use, access and dissemination of Franchisor’s Trade Secrets; and

**WHEREAS**, it is anticipated that Signer may have access to learn Franchisor’s Trade Secrets as Franchisee develops and maintains Franchisee’s Business using MEN IN KILTS SYSTEM.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to MEN IN KILTS SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using MEN IN KILTS SYSTEM for so long as Franchisee is licensed by Franchisor to use MEN IN KILTS SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with MEN IN KILTS SYSTEM.

7. In order to protect the goodwill and unique qualities of MEN IN KILTS SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the eighteen (18) months following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by MEN IN KILTS which business is, or is intended to be located, within the United States; or

b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of Massachusetts.

12. If any court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

**IN WITNESS WHEREOF**, the undersigned have entered into this Agreement as witnessed by their signatures below.

**FRANCHISEE**

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

**FRANCHISOR**

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

**SIGNER**

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

**EXHIBIT I**

**CONDITIONAL CONSENT TO TRANSFER AGREEMENT**

**EXHIBIT I**

**CONDITIONAL CONSENT TO TRANSFER AGREEMENT**

**THIS CONDITIONAL CONSENT TO TRANSFER AGREEMENT** (the “Agreement”) is made and entered into on this \_\_\_ day of \_\_\_\_\_ (the “Effective Date”), by and between MEN IN KILTS US, LLC, a Massachusetts limited liability company, with its principal place of business at 77 N. Washington Street, Boston, Massachusetts 0211 (“Franchisor”), and \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_, both individuals OR CORPORATION OR LLC with a primary residence or principal place of business at \_\_\_\_\_ (“Transferee”) (each a “Party” and collectively, the “Parties”).

**WITNESSETH:**

**WHEREAS**, a Franchise Agreement dated \_\_\_\_\_ (the “Existing Franchise Agreement”), was executed by and between Franchisee and Franchisor for the operation of a franchise location known as \_\_\_\_\_ (the “Franchise”); and

**WHEREAS**, each owner of Franchisee has entered into a Guaranty whereby they have personally guaranteed the performance of Franchisee’s obligations under the Franchise Agreement; and

**WHEREAS**, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee’s rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the “Transfer”), as set forth in that Agreement between Franchisee and Transferee with effect as of the Transfer Date (the “Purchase Agreement”); and

**WHEREAS**, Franchisor has been notified of Franchisee’s desire to sell the Franchise to Transferee and Franchisee has requested that Franchisor consent to the Transfer under Section 14 of said Existing Franchise Agreement, or exercise its right of first refusal; and

**WHEREAS**, as a condition to the Transfer, Transferee will execute Franchisor’s then-current Franchise Agreement for a Franchise (collectively, the “New Franchise Agreement”), and the Existing Franchise Agreement will be terminated in accordance herewith; and

**WHEREAS**, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

**AGREEMENT:**

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. Condition Precedent. It is a necessary condition precedent to the performance of all obligations of all parties to this Agreement, specifically the grant of Franchisor’s consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date. If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all parties in writing, this Agreement is void and Franchisor’s consent is revoked.

2. Conditions of Transfer. As a condition of Franchisor's consent, Transferee and Franchisee collectively represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer either all of the stock, shares, interests or other form of equity in Franchisee ("Franchisee Equity"), or substantially all Franchisee's assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, accounts receivable/payable, and customer data (the "Franchise Assets") to Transferee. As of the Transfer Date, Transferee shall either have all right, title to and interest in the Franchise Assets, or control of the Franchisee Equity.

B. [Transferee / Franchisee] shall pay to the Franchisor the Transfer Fee of [AMOUNT] on the Transfer Date.

C. [OPTIONAL CLAUSE] No later than [DATE], the [Transferee / Franchisee] will make improvements to the Franchise Assets as directed by Franchisor to meet Franchisor's prevailing design and branding criteria and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor's right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor's consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor's FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee, not later than the Transfer Date, will execute Franchisor's New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. If necessary for the continued operation of the Franchise, Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor. It is not the expectation of the Parties that Transferee will take possession of Franchisee's personal residence, if such residence is used as the premises of the Franchise, but rather that Transferee shall be obligated to find a new premises for the continued operation of the Franchise no later than the Transfer Date.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations under the Existing Franchise Agreement, and all obligations of the Guarantors under their individual Guaranty, shall remain in full force and effect after the Transfer Date, until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets and has not represented to Transferee or any other person, natural or fictitious, that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Men In Kilts franchises owned by the Franchisee) as a current or former Men In Kilts franchise and will cease to use any Trademark Asset, including any Men IN Kilts trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Men In Kilts franchise in any manner or purpose. "Trademark Assets" means all trade names, trademarks and trade dress of the Men In Kilts system, including the name Men In Kilts and any forms, slogans, signs, symbols, devices or other materials bearing the name "Men In Kilts". This representation shall not apply to any franchise locations operated by Franchisee after the Transfer Date under the terms of other, active franchise agreements with Franchisor.

v. Franchisee will continue to operate the Franchise until the Transfer Date. Franchisee shall remain obligated to pay Franchisor any amounts due and owing under the Franchise Agreement that arise on or before the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise, that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or ever will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Men In Kilts system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Men In Kilts system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts,

covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. Franchisor Consent and Representations. Under Section 14(a) of the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement, on or before 12:01 am of \_\_\_\_\_ (the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under Section 14(b) of the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise.

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement. Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrants that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and

will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement will be declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Massachusetts without application of the principles of conflicts of law. Each of the Parties hereto irrevocably consents to the personal jurisdiction of the Federal and state courts of the State of Massachusetts, County of Suffolk for any matter arising out of or relating to this Agreement, except that in any action seeking to enforce any order or judgment of such courts such personal jurisdiction will be non-exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, including digital signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

**FRANCHISOR:**

**MEN IN KILTS US, LLC**

By:

Its:

**FRANCHISEE:**

\_\_\_\_\_ *[enter name of corporate entity]*

By:

Its:

**TRANSFeree:**

\_\_\_\_\_ *[enter name of corporate entity]*

By:

Its:

## 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	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April , 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	April , 2025

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT (Our Copy)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Men In Kilts US, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If Men In Kilts US, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

The Franchisor is Men In Kilts US, LLC, located at 77 North Washington St., Boston, MA 02114. Its telephone number is (617) 997-4729.

Franchise Seller: \_\_\_\_\_  
Name/Address/Telephone Number

Franchise Seller: \_\_\_\_\_  
Name/Address/Telephone Number

Issuance Date: April 29, 2025

See Exhibit A for our registered agents authorized to receive service of process.

I received a disclosure document dated April 29, 2025 that included the following Exhibits:

A. Franchisor's Agents for Service of Process and State Franchise Administrators	F. List of Current and Former Franchisees
B. Financial Statements/Parent Guarantee	G. Conversion Franchise Addendum
C. Franchise Agreement w/Exhibits	H. Spousal Non-Disclosure and Non-Competition Agreement
D. State Specific Addenda and Riders	I. Conditional Consent to Transfer Agreement
E. Form of Mutual Termination and General Release	

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

Please sign this copy of the receipt, date your signature, and return it to Men In Kilts US, LLC, 77 North Washington Street, Boston, MA 02114.

**RECEIPT (Your Copy)**

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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E. Form of Mutual Termination and General Release	

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

Please sign and date your signature. KEEP THIS COPY FOR YOUR RECORDS.