

FRANCHISE DISCLOSURE DOCUMENT



SP FRANCHISING LLC

a Delaware limited liability company
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This disclosure document offers SpeedPro Imaging franchises. A SpeedPro Imaging franchise sells premium, large format printing and related services, including removal, installation, consulting, site evaluation, graphic design, finishing and production services to business clients.

The total investment necessary to begin operation of a SpeedPro Imaging unit franchised business ranges from \$233,575 to \$303,075. This includes \$176,275 that must be paid to the franchisor or an affiliate.

If you choose to convert your existing printing and related services business to a SpeedPro Imaging Conversion Franchised Business, the total investment necessary to begin operation of a Speed Pro Imaging Conversion Franchised Business ranges from \$33,400 to \$200,375. This includes \$29,900 to \$142,875 that must be paid to the franchisor or an affiliate.

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 Larry Oberly at 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112 and (844) 274-4784.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at www.ftc.gov 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: **June 18, 2020**

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Colorado. 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 Colorado than in your own state.

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.

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Exhibits

- A. Directory of State Administrators and Agents for Service of Process
- B. Franchise Agreement, including attachments:
 - Personal Guaranty
 - Ownership and Management Addendum
 - Appendix A – Marks
 - Appendix B – Territory
 - Appendix C – Consent and Agreement of Lease
 - Appendix D – Authorization Regarding Electronic Remittance System
 - Appendix E – Start-Up Package
 - Appendix F – Conversion Addendum
 - Acknowledgement Addendum
- C. Financial Statements
- D. Confidential Operations Manual Table of Contents
- E. Confidentiality and Non-Competition Agreement
- F. General Release of Claims
- G. Franchisee List
- H. State Addenda
- I. Master Developer Addendum
- J. Promissory Note
- K. Receipt (2 copies)

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” or “us” means SP Franchising LLC, a Delaware limited liability company, the franchisor. “You” means the person who buys the franchise. If you are a corporation or other business entity, the provisions of the Franchise Agreement and related agreements apply to your owners.

Franchisor, Its Predecessors, and Affiliates

We are a Delaware limited liability company that was formed on April 8, 2014. We do business under the name “SpeedPro,” “SpeedPro Imaging,” and SP Franchising LLC. We do not do business under any other names. Our principal business address is 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112. We have been offering franchises in the United States since May 2014. We are not engaged in any other type of business activity. Our agent for service of process in Colorado is The Corporation Company, 7700 E. Arapahoe Road, Suite 220, Centennial, Colorado 80112. See **Exhibit A** for our agents for service of process in all other states.

We have two predecessors: Speedpro USA, LLC (“**Speedpro USA**”) and Speedpro USA, Inc. (“**Speedpro-TX**”).

Speedpro USA, an Arizona limited liability company, was formed on January 10, 2006 and renamed Grancorp USA, LLC on May 27, 2014. Speedpro USA’s principal place of business is 12807 N. 117th Street, Scottsdale, Arizona 85259. From January 2006 to April 2014 Speedpro USA offered franchises that are similar to the franchises we are selling in connection with this Franchise Disclosure Document. Speedpro USA also offered master development agreements under a separate Franchise Disclosure Document, but we do not currently offer master development agreements in this offering or any other offering. If you purchase the right to operate a unit franchise in an area where we have a master developer, some of the assistance provided to you under the Franchise Agreement will be provided by our master developer. See ITEM 2 and **Exhibit I** for more information on our master developers (“**Master Developers**”).

On April 21, 2014 (“**Acquisition Date**”), we acquired from Speedpro USA all of our original assets, which included Speedpro USA’s then existing franchise agreements and master development agreements (“**Acquisition**”). The asset purchase did not include liabilities incurred by SpeedPro USA (if any) prior to the Acquisition Date, which remain with Speedpro USA.

Speedpro-TX, a Texas corporation, was formed on April 16, 2004 and was renamed Grancorp USA, Inc. in 2014. Speedpro-TX’s principal place of business is 12807 N. 117th Street, Scottsdale, Arizona 85259. From March 2005 to December 2005, Speedpro-TX offered franchises of the type described in this Franchise Disclosure Document and sold 1 franchise in the State of Texas. In January 2006, Speedpro USA acquired certain assets from Speedpro-TX and assumed Speedpro-TX’s rights and obligations under its franchise agreement with the Texas SpeedPro franchise.

We have two parents: Fairfield SPF, Inc. (“**Fairfield**”) and SP IP LLC (“**SP IP**”). SP IP is our direct parent. SP IP is a Delaware limited liability company that was formed on April 8, 2014. The principal place of business of SP IP is 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112. In connection with the Acquisition described above, SP IP became the owner of the Marks (as defined below). SP IP has licensed to us the right to use the Marks and, in turn, to sublicense the right to use the Marks to you. SP IP does not offer franchises in this or any other line of business. SP IP is a wholly-owned subsidiary of SP Equity.

Fairfield is our ultimate parent. Fairfield is a Delaware corporation that was formed on January 9, 2013. The principal place of business of Fairfield is One Grand Central Place, 60 East, 42nd Street, 55th Floor, New York, NY 10165. Fairfield acquired all of our outstanding membership units from our former ultimate parent, SP Equity Holdings, LLC on March 19, 2017. Fairfield does not offer franchises in this or any other line of business.

Except as discussed above, we have neither operated a business of the type described in this disclosure document, nor offered franchises in any other line of business. Except as disclosed above, we have no predecessors, parents or affiliates.

Our Business Activities and the Franchises to be Offered in this State

We offer franchises to operate a single SpeedPro Imaging Studio (called a “**Studio**” or the “**Franchised Business**”). If you are an existing SpeedPro franchisee operating a Studio, you may acquire the right to develop and operate an additional Studio, in which case you will be required to sign our then-current franchise agreement (the current Franchise Agreement is attached as **Exhibit B** hereto, the “**Franchise Agreement**”) for each such additional Studio; provided that you will pay a reduced Initial Franchise Fee and Start-Up Fee, as described in ITEM 5. Other than the reduced Initial Franchise Fee and Start-Up Fee, the disclosures in this disclosure document apply to an additional Studio an existing franchisee may develop. There is no separate multi-Studio agreement that a franchisee would sign.

You will operate your Studio in a territory identified in your Franchise Agreement. Our standard territory consists of up to but not more than 7,000 businesses.

Studios provide premium, large format printing, reprographic services (reprographic services are reproductions of graphics through electrical means, such as photography, commonly used in catalogs, archives, and the architectural, engineering, and construction industries), and related services, including removal, installation, consulting, site evaluation, graphic design, finishing and production services. Studios operate under the name SPEEDPRO and SPEEDPRO IMAGING, and use other trade names, service marks, and trademarks that we currently use or may designate in the future (our “**Marks**”), and our proprietary business system (the “**System**”). Our System includes a distinctive exterior and interior Studio design, décor, color scheme, fixtures and furnishings, the Marks, our standards, specifications, policies, procedures, and techniques related to the location, establishment, operation, and promotion of a Studio, techniques for designing, producing, installing, and applying large scale prints, inventory and management control procedures, training and assistance, and advertising and promotional programs.

We will train you to operate the Franchised Business. No prior printing or related experience is required.

As a SpeedPro Imaging franchisee, you will sell products and services primarily to commercial clients. The market for large scale signage and related products is well developed. You will sell products and services primarily to commercial clients in nearly every industry. You may compete with other franchised and non-franchised digital print and sign shops. Sales are somewhat seasonal.

SpeedPro Conversion Franchise

If you currently own and operate an existing, independent business that provides printing and related services to business clients, you may qualify to convert your existing business to a SpeedPro Franchised Business (“**Conversion Franchised Business**” or “**Conversion Studio**”) if you meet our then-

current qualifications. You will also be required to sign our Franchise Agreement and the Conversion Addendum (**Appendix F** to the Franchise Agreement).

Industry-Specific Laws and Regulations

We are not aware of any laws or regulations specific to the printing industry.

ITEM 2 BUSINESS EXPERIENCE

Larry Oberly – President and CEO

Mr. Oberly has been our President and CEO since November 2017. From January 2007 till October 2017, Mr. Oberly was the Vice President of Global Development for RE/MAX LLC in Denver, Colorado. From July 1998 till December 2006, Mr. Oberly served in a number of positions with RE/MAX LLC in Denver, Colorado including Management Consultant for the RE/MAX Central Ohio Region, Regional vice President for the RE/MAX Southwest Region, and Vice President of U.S. Development. From February 1992 till March 1998, Mr. Oberly was a multi-unit franchisee with Baskin-Robbins in St. Louis, Missouri.

Elliot Parks – Chief Financial Officer

Mr. Parks has been our Chief Operating Officer since January 2019 in Centennial, Colorado. Mr. Parks will assume the position of Chief Financial Officer on July 1, 2020. Prior to that he served as Controller from March 2018 until January 2019 in Centennial, Colorado. From May 2013 to November 2017, Mr. Parks held positions of Senior Manager of Financial Reporting and Senior Manager of IT and Finance with RE/MAX, LLC in Denver, Colorado. Before that, Mr. Parks worked as an Audit Manager from September 2006 until May 2013 for KPMG, LLP, in Denver, Colorado.

Paul Brewster – Chief Operating Officer

Mr. Brewster has been our Senior Vice President of Development and Business Consulting since January 2020. Mr. Brewster will assume the role of Chief Operating Officer effective July 1, 2020. From August 2019 until December 2019, Mr. Brewster was Vice President Business Consulting for Speedpro. From June 2015 until August 2019, Mr. Brewster was Director of Franchise Operations and then Vice President of Franchise Operations for Clockwork Services (One Hour HVAC, Benjamin Franklin Plumbing and Mister Sparky Electric) in Houston Texas. From 2007 until May 2015, Mr. Brewster held various executive positions with RE/MAX, LLC located in Denver, Colorado.

Danielle Yuthas– Senior Director of Marketing

Ms. Yuthas has been our Senior Director of Marketing since January 2020. Prior to that she served as Director of Marketing from June 2018 until December 2019. From January 2015 to June 2018, Ms. Yuthas was the Senior Digital Marketing Manager at WellBiz Brands, Inc., in Denver Colorado. Ms. Yuthas was the Digital Marketing Manager for Ace Hardware from 2013 to 2014, also in Denver.

Zachary Meade – Director of Training Director Business Consultant

Mr. Meade has been our Training Director since April 2018 in Centennial, Colorado. From 2016 to 2018 he served as Franchise Development Consultant for Re/MAX International in the California and Hawaii region. Prior to that, Mr. Meade served as Senior Consultant for Gillespie Manners Executive Search and Selection in Berkhamstead, United Kingdom from 2015 to 2016. Gina Skeim – Director of Business Consulting

Ms. Skeim is our Director of Business Consulting and has served in this role since December 2014 in Centennial, Colorado. Ms. Skeim was a co-Master Developer for Colorado and served in that role from June 2006 until December 21, 2018. She also co-owned and operated a SpeedPro Imaging in Denver, Colorado from 2006 until 2011. Since April 2012, Ms. Skeim has also been a part owner of Colorado Safes in Wheat Ridge and Colorado Springs, Colorado.

Ryan Yates – Director of Business Production Support and Vendor Relations

Mr. Yates is our Director of Production Support since October 2018 and our Vendor Relations Manager since September 2019 in Centennial, Colorado. Previously he served as our Production Support Manager from August 2016 until September 2018. From 2001 until 2015, Mr. Yates served as General Manager for a franchised printing company within the Fastsigns system in Aurora, Colorado.

Pat Jarrett – Development Director

Mr. Jarrett has been our Development Director since June 2018 in Centennial, Colorado. Mr. Jarrett currently owns his own consulting business, 3 by Design, since 2016 in Omaha, Nebraska. Prior to that he owned SpeedPro Imaging Omaha in Omaha, Nebraska from 2010 until 2016.

Troy Latuff – Development Director

Mr. Latuff has been our Development Director since February 2020 in Centennial, Colorado. He also owns Latuff Management Company, LLC, since 2012 in Austin, Texas.

Master Developers

See **Exhibit I** for information regarding master developers who provide training and other services to unit franchisees.

ITEM 3 LITIGATION

Stephen Phelps v. SP Franchising, LLC and DOES 1-20, Case No. 30-2019-1052522, Superior Court of California, County of Orange, filed February 15, 2019). Stephen Phelps (“Plaintiff”) filed a Complaint against SP Franchising, LLC and DOES 1-20 (collectively, “Defendants”) on February 15, 2019. Phelps entered into a Master Development Agreement (“MDA”) with SpeedPro USA, LLC in November 2008. SpeedPro USA, LLC assigned its rights and obligations under the MDA to SP Franchising, LLC (“SPF”). On January 30, 2019, SPF sent Plaintiff a notice of default and termination of the MDA. The termination was effective immediately based on certain defaults under the MDA. Plaintiff alleges in the Complaint that (1) the termination of the MDA violated the California Franchise Relations Act (“CFRA”) by failing to provide a 60 day cure period or otherwise falling within an exception to the cure period set out in CFRA; (2) Defendant’s breached the terms of the MDA by sending the termination notice to Plaintiff and terminating the MDA; and (3) Defendant’s termination of the MDA breached the implied covenant of good faith and fair dealing by unfairly interfering with Phelps’s right to receive the benefits of the MDA. Plaintiff seeks a preliminary and permanent injunction against SPF’s termination of the MDA under the CFRA, a determination of the rights and obligations of the parties under the MDA and damages, costs and attorney’s fees. We deny these allegations and will vigorously defend this action. The court denied Plaintiff’s request for injunctive relief on April 16, 2019. Plaintiff appealed the court’s denial of its request for injunctive relief to the Court of Appeal of the State of California, Fourth Appellate District, Division Three (“Appellate Court”). The Appellate Court denied Plaintiff’s appeal and affirmed the lower court’s order denying the preliminary

injunction. The Plaintiff was also ordered to pay Defendant's costs on appeal. A motion to compel the matter to arbitration is pending.

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

ITEM 4 BANKRUPTCY

No bankruptcies are required to be disclosed in this item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

You must pay us an Initial Franchise Fee of \$49,900 and pay the Initial Franchise Fee when you sign the Franchise Agreement. The Initial Franchise Fee is nonrefundable when you sign the Franchise Agreement and uniform for all franchises currently being offered.

Conversion Initial Franchise Fee

If you qualify for a Conversion Franchised Business, you will pay the conversion franchise fee of \$49,900, which may be discounted as described in the chart below ("Conversion Initial Franchise Fee"). The Conversion Initial Franchise Fee is due at the time you sign the Franchise Agreement and sign the Conversion Addendum. The Conversion Initial Franchise Fee for a Conversion Franchised Business is deemed fully earned and nonrefundable upon payment. During our fiscal year 2018, we did not offer Conversion Franchised Businesses and did not collect any Conversion Initial Franchise Fees

Your Conversion Initial Franchise Fee may be discounted depending on the annual gross revenue for your existing business for the 12 months preceding the date you sign the Franchise Agreement and Conversion Addendum.

Annual Gross Revenue for Preceding 12 Months of Existing Business	Discount Amount
\$250,000 - \$500,000	\$10,000
\$500,001 - \$750,000	\$15,000
\$750,001 or more	\$20,000

Start-Up Fee

You must also pay us a Start-Up Fee for a package of equipment and supplies that you will need for the operation of your Studio. The equipment and supplies package includes your computer hardware and software, office furniture, and supplies. The contents of the start-up package are listed in **Appendix E** to the Franchise Agreement. You pay 100% of the Start-Up Fee at the earlier of (a) 90 days after you sign the Franchise Agreement; or (b) the date you sign a lease for your Studio. The Start-Up Fee is nonrefundable upon payment and must be paid in certified or immediately available funds. The Start-Up Fee is \$115,400 for a new Studio and is uniform for all franchises currently being offered.

If you are purchasing a Conversion Franchised Business you will also pay a Start-Up Fee if you do not have all the required furniture, fixtures, equipment and supplies necessary to operate a Conversion Franchised Business. The Start-Up Fee for a Conversion Franchised Business ranges from

\$0 to \$92,000 depending upon the furniture, fixtures and equipment you have for your existing business.

Initial Marketing Fee.

Simultaneously with the Start-Up Fee payment, you must also pay us, in a lump sum, a non-refundable Initial Marketing Fee of \$10,000, as payment for us conducting, on your behalf, advertising and marketing campaigns for your Studio. The Initial Marketing Fee is uniform for all new franchises (excluding Conversion Franchised Businesses) currently being offered. If you are purchasing a Conversion Franchised Business, you will not be required to pay the Initial Marketing Fee.

**ITEM 6
OTHER FEES**

Name of Fee	Amount	Due Date	Remarks
Royalty Fee	Six percent of Gross Sales up to \$75,000; and Four percent of Gross Sales from \$75,001 and greater	Monthly.	See Note 2. See Note 2 for Royalty Fee for Conversion Franchised Businesses
Marketing Fund Fee	2% of monthly Gross Sales	Monthly.	See Note 2 for Marketing Fund Fee For Conversion Franchised Businesses
Insurance Premium Charge	The cost of insurance premium for our required insurance	As incurred.	We may require you to purchase the required insurance from our designated supplier. We may require you to pay the premiums directly to us or our designated supplier
Insurance Admin Fee	We may require you to obtain your required insurance from our designated suppliers. If we require this, we may charge you an Insurance Admin Fee. We do not currently charge this fee.	Annual.	This fee may change based on costs of the insurance program administration
Additional and advanced training, conferences, and seminars	Costs for instructors, materials, training aids, and expenses	Prior to training or as incurred.	
Annual Franchisee Convention Fee (if held)	Required convention fee (which is currently \$275 but may be increased by us at any time, not to exceed \$750), which is due and payable to us regardless of whether you choose to attend such convention; plus travel, lodging, and expenses to attend	As incurred.	If we hold an annual franchisee convention and you fail to attend, you may be required to pay us the then-current attendance fee (currently, a total of \$275).

Name of Fee	Amount	Due Date	Remarks
Renewal Fee	\$10,000	Before successor term begins.	
Transfer Fee	\$15,000	At time of Transfer.	Payable only in the event of a Transfer.
Additional Training Fee upon Transfer	Up to \$7,500	Before transfer.	Our standard “transfer training” is included in the cost of the Transfer Fee. If we determine that the transferee requires additional training (beyond our standard transfer training), we reserve the right to charge for such additional training.
Vehicle Template Library License Fees	\$85 per year	Annually, as invoiced (currently in April).	You may, but are not required to, obtain access to our vehicle template library, in which event you will pay us this license fee for the use of such templates.
Improvements, updates, and upgrades	Cost of improvements, updates, and upgrades	Promptly upon notice from us.	See Note 4.
Audit and inspection related expenses	Audit-related costs and expenses if an audit reveals an understatement of Gross Sales of 2% or greater. Then current mystery shopper expenses if used. Current mystery shopper expenses are \$200 per visit	Upon demand.	See Note 5.
Modifications to marks	Varies	As Arranged.	See Note 6.
Site selection	Our expenses	On demand.	Payable upon our assessment of suitability of sites. Only payable if your first 3 potential sites do not meet our site selection criteria and we elect to visit your additional proposed sites.

Name of Fee	Amount	Due Date	Remarks
Technology Monthly Fees	<p>Our then-current fees. Fees current as of the date of this disclosure document:</p> <p>\$325 per month for our basic technology system or an additional \$100 per month (\$425) for an enhanced technology system.</p> <p>These fee amounts may increase from time to time, upon 60 days' notice from us.</p>	At the same time as Royalty Fee payments	<p>You are required to license and use our designated software system (the "Software System") in the operation of your Studio and pay us a monthly fee for ongoing technical support, updates and upgrades of that system.</p> <p>The Software System currently includes our basic technology workflow system, five SpeedPro email addresses, our data storage, and transfer system, our CRM.</p> <p>We may change the software included in the Software System or add additional software to the Software System, in our discretion, and we may change the monthly fees from time to time; provided that, the monthly fees will not be increased by more than 10% in any given calendar year.</p>
Indemnification	Amount of liability, costs, and expenses	Upon demand.	See Note 3.
Interest	18% or maximum rate permitted by law, whichever is less, on all amounts not paid when due.	Upon demand.	
Late Fee	20% of the overdue amount, subject to applicable law.	Upon demand	Payable if Royalty Fees or other fees are paid after the due date. If you are late in paying Royalty Fees or other amounts to us, we have the right to withdraw the prior month's submitted royalties, plus the late fee and any accrued unpaid interest.
Relocation costs	Costs and expenses of relocation	When incurred.	You are responsible for all costs of relocation, including costs incurred by us (our costs not to exceed \$1,000).
Insurance Service Charge	The full cost of insurance, plus all costs we incurred to secure such insurance for you not to exceed 20% of the policy premium.	Within five days of the date we deliver an invoice detailing our costs and expenses for obtaining the required insurance on your behalf.	If you fail to obtain the required insurance or to keep the same in full force and effect, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you must reimburse us for the full cost of such insurance, along with a service charge (not to exceed 20% of the policy premium).

Name of Fee	Amount	Due Date	Remarks
Termination Payment	The average Royalty Fee payment paid by you to us during the twelve (12) month period preceding the effective date of termination, multiplied by the lesser of (i) 36 months or (ii) the number of months remaining in the term of the Franchise Agreement had the Franchise Agreement not been terminated.	Within 15 days after the effective date of the termination of the Franchise Agreement.	Upon early termination of the Franchise Agreement by you for any reason or by us due to your breach, you must pay us, in addition to any other amounts owed hereunder, this termination payment. (If you had been in operation for less than 12 months at the time of the termination, we will determine the average Royalty Fee amount for the termination payment calculation as the system-wide average Royalty Fee payments for the previous 12 months.)
Liquidated Damages for Client Poaching	Twice the total revenue you receive from the client that you solicited away from us, our affiliate or our franchisee	On demand	If you solicit business or induce any active client to alter or terminate or breach its contractual or other business relationship with us, such affiliate or our franchisee or otherwise divert or attempt to divert any business or any active client of any SpeedPro Imaging studio.
Conversion Franchised Business Failure to Open Fee	\$2,500 per month until open	On demand	If you purchase a Conversion Franchised Business and fail to open on your scheduled Grand Opening Date

Notes:

1. All fees are imposed by, payable to and collected by us. All fees are nonrefundable unless otherwise stated. All fees are uniformly imposed for all franchises currently being offered.
2. **“Gross Sales”** means all receipts or receivables at or from the Franchised Business and revenues from any source arising out of the operation of the Franchised Business whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, barter, property, donations, sponsorships or other means of exchange. Gross Sales includes the selling price of gift certificates and insurance proceeds for loss of profit or business or for damaged goods. Each installment sale and credit charge will be treated as having been received in full at the time the charge or sale is made, regardless of when you actually receive payment. Gross Sales does not include the amount of sales tax or similar tax imposed by any federal, state, municipal, or other government authority that you collect and properly remit to the taxing authority. It also does not include the amount of any returns, refunds, or allowances, or that part of the sales price satisfied by a deposit or gift certificate if the deposit or gift certificate has previously been included in Gross Sales.

You will pay a monthly Royalty Fee as set forth below.

Gross Sales Range:	Your Royalty Fee
\$0 -\$75,000	6.0%
\$75,001 and Greater	4.0%

If you are converting an existing business to a Conversion Franchised Business, your monthly Royalty is as follows:

Year of Operations	Your Royalty Fee
From the Effective Date of the Franchise Agreement through Month 12	1.0%
Month 13 – Month 24	2.0%
Month 25 – Month 36	3.0%
Month 37 and thereafter for the balance of the Term	6% of Gross Sales between \$0 and \$75,000; and 4% of Gross Sales between \$75,001 and Greater

If you are converting an existing business to a Conversion Franchised Business, your monthly Marketing Fund Fee is 1% of Gross Sales for the first 12 months of operating the Conversion Franchised Business. Commencing on month 13, the Marketing Fund Fee is 1.5%. Commencing on month 25, the Marketing Fund Fee is 2%.

3. Your insurance coverages required by this Franchise Agreement must indemnify us from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, which arises from or is based upon your ownership, development or operation of the Franchised Business; your breach of any applicable law, regulation or rule; or your breach of any provision of the Franchise Agreement. These obligations survive the termination of the Franchise Agreement.
4. You must regularly clean and maintain the Studio location, and you must replace worn out or obsolete fixtures, equipment, and signs. When necessary, you must repair the interior and exterior, and periodically redecorate. If at any time the general state of repair, appearance of cleanliness of the Studio location does not meet our Standards, we will notify you and ask you to cure the deficiency. If you fail to cure the deficiency, we may enter onto the Studio premises and have the repairs or maintenance performed at your expense.
5. If any audit or examination reveals that you have underreported Gross Sales by 2% or more, you must promptly pay all fees due on the unreported amount plus interest and reimburse us for all expenses we incurred in connection with performing the audit or examination. We may also require that you permit us to access your database and books and records at any time for the review and transmission of financial information.
6. If we designate new, modified, or replacement Marks for you to use, you must pay your own expenses to implement the required changes.

ITEM 7
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee ⁽¹⁾	\$49,900	Lump sum	When you sign the Franchise Agreement	Us
Start-Up Fee ⁽¹⁾	\$115,400	Lump sum	Payable when you sign the lease for the Studio	Us
Initial Marketing Fee ⁽¹⁾	\$10,000	Lump sum	Payable when you sign the lease for the Studio	Us
Technology Monthly Fee for the First Three months	\$975	Monthly \$325 per month	At the same time the Royalty payments are due	Us
Leasehold Improvements	\$0 to \$30,000	As arranged	As negotiated with your landlord. Leasehold Improvements can be included in rent and amortized over the term of the lease; others choose to pay tenant improvements upfront.	Your landlord
Rent and Security Deposit ⁽²⁾	\$3,000 to \$12,000	As arranged	When signing your lease	Your landlord
Training Travel Expenses ⁽³⁾	\$2,000 to \$3,000	As arranged	When incurred	Various suppliers
Business Permits and Licenses ⁽⁴⁾	\$0 to \$1,000	As arranged	Before opening for business	Licensing authorities
Business Insurance Premiums (one year) ⁽⁵⁾	\$800 to \$1,300	As arranged	Before opening for business and monthly thereafter	Insurance company or our designated supplier
Utility Deposits ⁽⁶⁾	\$0 to \$1,000	As arranged	When arranging for utilities	Utility companies
Professional Fees ⁽⁷⁾	\$1,500 to \$3,500	As arranged	Before opening for business	Your attorneys, accountants, or other business advisors
Working Capital ⁽⁸⁾	\$50,000 - \$75,000			Us, employees, landlord, third party suppliers, attorneys, accountants, business advisors, and insurance companies
Total ⁽⁹⁾⁽¹⁰⁾	\$233,575 TO \$303,075			

Notes:

1. See ITEM 5 for more information about the Initial Franchise Fee, the Start-Up Fee and the Initial Marketing Fee.

2. Our Studios typically occupy 2,000 to 4,000 square feet of commercial space. Rental costs vary greatly, and we recommend that you consult with a commercial realtor in your area before signing the Franchise Agreement. The low-end figure assumes that your landlord does not require a security deposit and/or does not charge for the first few months of rent; the high-end figure assumes monthly rental costs of \$3,000, and a required security deposit equal to 1 month's rent. Your required security deposit or rent may be higher than these estimates.
3. You are required to travel to our headquarters for initial training for both phases of our initial training program. You must pay for your own travel, meals and lodging expenses. This estimate is for one person to attend the initial training, however, you may elect to have additional attendees. You are responsible for your attendees' travel and living expenses incurred during the initial training.
4. The figures in the chart represent the estimated costs of obtaining business permits and licenses. We recommend that you consult with your own attorney to help you identify and comply with any permit or licensing requirements in the state and local jurisdiction in which you will operate the Studio.
5. Actual insurance premiums will depend on the location of the Studio, local market conditions, your prior loss experience, and the prior loss experience of your insurance carrier. You are currently required, at your cost, to contract with the insurance carrier designated by us for such coverage and in such amounts as directed by us, which policy or policies will include us and our affiliates as additional insureds. We reserve the right to adjust these coverages and amounts at any time by amending the Operations Manual. We also reserve the right to require you to purchase such required insurance from our designated supplier and pay the Insurance Admin Fee. See ITEMS 6 and 8 for information on current required insurance coverage.
6. Utility deposits vary from location to location.
7. These figures represent the estimated cost of engaging an attorney, accountant, and/or other business and financial advisors to review this disclosure document (including agreements) and to assist you in organizing a business entity to operate the Studio.
8. The figure in the chart reflects the working capital range we estimate that you will need to pay employee salaries and wages, utilities, legal, and accounting fees and other expenses during the initial phase of your franchise operation. Beyond the initial phase addressed in our estimate above, we also recommend that you obtain a line of credit of \$100,000 to cover the expense of additional equipment for advanced capabilities or expansion. The figure in the chart above does not include any amount for debt service. Your actual costs will depend on a number of factors, including local economic conditions, prevailing wage rates, and your own business skill and experience. These estimates do not include anything for your salary or living expenses. You should review these figures carefully in light of local conditions and the economy and consult a business advisor if necessary.
9. In preparing these estimates, we relied on our affiliates' and franchisees' experience in operating Studios in the United States. The figures in the chart are estimates only. Your actual investment may exceed these estimates depending upon a variety of factors including, among other things, the location and size of your Studio. You should carefully review these figures and compare them with information you obtain from local sources, and then discuss your findings with a business or legal advisor before you make a decision to purchase a franchise.
10. All expenditures are non-refundable unless specifically noted otherwise.

YOUR ESTIMATED INITIAL INVESTMENT FOR CONVERSION FRANCHISED BUSINESS

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Conversion Initial Franchise Fee ⁽¹⁾	\$29,900 to \$49,900	Lump sum	When you sign the Franchise Agreement	Us
Start-Up Fee ⁽¹⁾	\$0 to \$92,000	Lump sum	Payable when you sign the lease for the Studio	Us
Initial Marketing Fee ⁽¹⁾	\$0	Lump sum	Payable when you sign the lease for the Studio	Us
Technology Monthly Fee for the First Three Months	\$0- \$975	Monthly \$325 per month	At the same time the Royalty payments are due	Us
Leasehold Improvements ⁽²⁾	\$0 to \$0	As arranged	As negotiated with your landlord. Leasehold Improvements can be included in rent and amortized over the term of the lease; others choose to pay tenant improvements upfront.	Your landlord
Rent and Security Deposit ⁽³⁾	\$0	As arranged	When signing your lease	Your landlord
Training Travel Expenses ⁽⁴⁾	\$2,000 to \$3,000	As arranged	When incurred	Various suppliers
Business Permits and Licenses ⁽⁵⁾	\$0	As arranged	Before opening for business	Licensing authorities
Business Insurance Premiums (one year) ⁽⁶⁾	\$0 to \$1,000	As arranged	Before opening for business and monthly thereafter	Insurance company or our designated supplier
Utility Deposits ⁽⁷⁾	\$0	As arranged	When arranging for utilities	Utility companies
Professional Fees ⁽⁸⁾	\$1,500 to \$3,500	As arranged	Before opening for business	Your attorneys, accountants, or other business advisors
Working Capital ⁽⁹⁾	\$0 to \$50,000			Us, employees, landlord, third party suppliers, attorneys, accountants, business advisors, and insurance companies
Total ⁽¹⁰⁾⁽¹¹⁾	\$33,400 to \$200,375			

Notes:

- See ITEM 5 for more information about the discount applied to the Conversion Initial Franchise Fee, the Start-Up Fee and the Initial Marketing Fee.

2. The low end assumes you already have all necessary furniture, fixtures and equipment necessary to operate the Conversion Franchised Business. The high end assumes that you have some of the necessary furniture, fixtures and equipment.
3. Our Studios typically occupy 2,000 to 4,000 square feet of commercial space. The estimate assumes that your current location meets our then current standards and that you will continue to pay rent per your existing lease. If your premises do not meet our then current location standards you may be required to upgrade the premises or relocate. If you are required to relocate, the rental costs vary greatly, and we recommend that you consult with a commercial realtor in your area.
4. You are required to travel to our headquarters for initial training for both phases of our initial training program. You must pay for your own travel, meals and lodging expenses. This estimate is for one person to attend the initial training, however, you may elect to have additional attendees. You are responsible for your attendees travel and living expenses incurred during the initial training.
5. The figures in the chart represent the estimated costs of obtaining business permits and licenses. The low end assumes you already have all required permits and licenses to operate the Conversion Franchised Business. If you do not, we recommend that you consult with your own attorney to help you identify and comply with any permit or licensing requirements in the state and local jurisdiction in which you will operate the Conversion Franchised Business.
6. Actual insurance premiums will depend on the location of the Conversion Franchised Business, local market conditions, your prior loss experience, and the prior loss experience of your insurance carrier. You are currently required, at your cost, to contract with the insurance carrier designated by us for such coverage and in such amounts as directed by us, which policy or policies will include us and our affiliates as additional insureds. We reserve the right to adjust these coverages and amounts at any time by amending the Operations Manual. We also reserve the right to require you to purchase such required insurance from our designated supplier and pay the Insurance Admin Fee. See ITEMS 6 and 8 for information on current required insurance coverage.
7. Utility deposits vary from location to location. The amount assumes that you will operate your Conversion Franchised Business from your existing location and that you have already paid all required utility deposits for such location.
8. These figures represent the estimated cost of engaging an attorney, accountant, and/or other business and financial advisors to review this disclosure document (including agreements) and to assist you in organizing a business entity to operate the Conversion Franchised Business
9. The figure in the chart reflects the working capital we estimate that you will need to pay employee salaries and wages, utilities, legal, and accounting fees and other expenses during the initial phase of your franchise operation. The low end assumes that you will not need additional working capital for your Conversion Franchised Business. Beyond the initial phase addressed in our estimate above, we also recommend that you obtain a \$100,000 line of credit for use in acquiring additional equipment. The figure in the chart above does not include any amount for debt service. Your actual costs will depend on a number of factors, including local economic conditions, prevailing wage rates, and your own business skill and experience. These estimates do not include anything for your salary or living expenses. You should review these figures carefully in light of local conditions and the economy and consult a business advisor if necessary.

10. In preparing these estimates, we relied on our affiliates' and franchisees' experience in operating Studios in the United States. The figures in the chart are estimates only. Your actual investment may exceed these estimates depending upon a variety of factors including, among other things, the location and size of your Conversion Franchised Business. You should carefully review these figures and compare them with information you obtain from local sources, and then discuss your findings with a business or legal advisor before you make a decision to purchase a franchise.
11. All expenditures are non-refundable unless specifically noted otherwise (See Item 5 for rebates for Conversion Initial Franchise Fees).

You may have greater start-up expenses than these estimates, and you may need more operating funds than these estimates. Your actual investment and expenses will vary according to region, the time of year, the number of accounts you are servicing, and other factors. We do not imply or guarantee that you will "break even" by any particular time.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

In order to ensure a uniform image and uniform quality of products and services throughout the SpeedPro System, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us or our affiliates, we must approve any location you select for your Studio (see Item 11) and we must approve any location for a Conversion Franchised Business (see Item 11). The landlord must execute our standard form of Consent and Approval of the Lease in connection with any lease for the location, a copy of which is attached to the Franchise Agreement as **Appendix C**. You must construct and equip your Studio or your Conversion Franchised Business in accordance with our then current approved design, specifications and standards. In addition, it is your responsibility to ensure that your Studio or Conversion Franchised Business plans comply with all other federal, state and local laws.

You also must use equipment (including imaging and printing equipment and hardware and software system), signage, fixtures, furnishings, products, supplies and advertising materials that meet our specifications and standards. At the time you renew your right to operate the Studio or Conversion Franchised Business, you must make such capital improvements and remodel and upgrade your Studio or Conversion Franchised Business (and upgrade your equipment) as we may reasonably request at the time of your renewal to reflect the current image of new SpeedPro studios (taking into consideration the cost of the modernization and the life expectancy of the equipment). An equipment upgrade investment will be not less than \$10,000 but not more than \$150,000.

Approved Supplies and Suppliers

We provide you with a list of approved manufacturers, suppliers, insurers and distributors ("**Approved Suppliers List**") and approved inventory products and equipment (such as your imaging and printing equipment and supplies), fixtures, office furniture, signs, stationery, supplies, and other items or services necessary to operate the Studio or Conversion Franchised Business ("**Approved Supplies List**"). The Approved Supplies List may identify the specific manufacturer or supplier of a specific product or piece of equipment. We reserve the right to designate a primary or single source of supply for certain products and supplies, and we or an affiliate may be that single source.

As of the date of this Disclosure Document, we provide you with all the equipment and supplies you need to open your Studio or convert to a Conversion Franchised Business in the start-up package, which includes computer hardware and the Software System, office furniture, and other supplies you will need for the operation of the franchised business. The specific contents of the start-

up package are listed in **Appendix E** to the Franchise Agreement, which is attached to this disclosure document as **Exhibit B**. You are required to purchase the start-up package. The Start-Up Fee for new Studios is \$115,400 and is up to \$92,000 for Conversion Franchised Businesses. We are the only approved supplier for the start-up package.

In addition, we are currently the sole supplier of the Software System that you are required to use in the operation of your Studio or Conversion Franchised Business. The initial cost of the Software System is included in your Start-Up Fee. The Software System currently includes our basic technology workflow system (currently CoreBridge), five SpeedPro email addresses and our data storage and transfer system (currently ShareFile). You will be required to pay us the Technology Monthly Fee (see ITEM 6) for technical support, updates and upgrades to the Software System. Such fee may increase from time to time, upon 60 days' notice from us. See also ITEM 6. We may also change the Software System from time to time. In the future, you may be required to purchase or lease other proprietary software from us, an affiliate of ours, or from a third party designated by us.

Finally, we will provide you with, advertising and marketing campaign services for your Studio or Conversion Franchised Business. You will pay the Initial Marketing Fee for such services (see Item 5), which includes Digital Advertising (PPC, Display Ads, Social Media Sponsored Ads) and Lead Generation (Outbound Calling and Direct Mail).

Our Approved Supplies List also may include other specific products without reference to a particular manufacturer or supplier, or it may set forth the specifications and/or standards for other approved products. We may revise the Approved Suppliers List and Approved Supplies List. We give you the approved lists as we deem advisable. We generally do not give these lists to approved suppliers.

Except for any products, supplies or materials for which we designate a single source approved supplier, if you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. There is no stated fee for processing a request, but you may be asked to pay the cost of reviewing any proposed changes in, or deviations from, approved products or suppliers, including our cost of product or supplier evaluation, not to exceed \$500. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will endeavor to notify you of our approval or disapproval of any proposed supplier within 30 days after we receive all necessary information to complete the inspection and evaluation process. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential.

Advertising and Promotion

All of your advertising must be conducted in a dignified manner, must be completely accurate and truthful, conform to all applicable laws and regulations relating to consumer advertising and to such standards and requirements as we may specify from time to time in writing, must give notice that the franchised business is independently owned and operated, and must be approved by us in advance. We will provide you with a number of camera-ready advertisements for use in various media. If you wish to use an advertisement that we have not provided and that has not been previously approved by us, you must submit it to us for approval. The approval of advertising will be made on a case-by-case basis using subjective criteria.

Only domain names and URLs approved by us will be permitted. You must submit the URL/Domain form for the suggested domains and/or URLs to us. We will buy and own those domains and URLs and license them to you for use in association with the Studio only once approved.

Insurance

You must obtain and maintain insurance as we may specify in the Operations Manual, in addition to any other insurance that may be required by applicable law, or by any lender or lessor. The following is a list of the required insurance coverage (applicable whether you own or lease the premises for your Studio or Conversion Franchised Business) including minimum limits of coverage as of the date of this Franchise Disclosure Document:

Coverage	Minimum Limits of Coverage
General Liability	\$1,000,000 per occurrence; \$2,000,000 aggregate; you must include coverage for leased premises as needed.
Garage Keepers Liability	Minimum of \$100,000; required if you work on client automobiles.
Property	Replacement cost value of property; required if you own the building or premises in which your Studio or Conversion Franchised Business is located.
Business Personal Property	Replacement cost value of property.
Hired & Non-Owned Auto	\$1,000,000.
Commercial Auto	\$1,000,000; required if you own automobiles.
Workers Compensation	Statutory Limits (will vary by state); required if you have employees and such insurance is required by the state.

Additionally, you are required to obtain other insurance and types of coverage that may be required by the terms of any lease or sublease for the Studio or Conversion Franchised Business or that we may require from time to time in the Operations Manual.

In addition to the required coverages described above, we also recommend you purchase the following coverages:

Coverage	Suggested Limits of Coverage
Umbrella	\$1,000,000.
Business Income Interruption	As desired for loss of income.

We may require you to purchase insurance from our designated insurance broker. If we require you to purchase insurance from our designated insurance broker we may charge an Insurance Admin Fee. See ITEM 6.

All insurance policies must name us as an additional insured. To verify you have obtained all of the insurance policies we require, you must send to us via email (to admin@speedpro.com) the corresponding certificates of insurance within 30 days of obtaining all such policies. You cannot open your Studio or Conversion Franchised Business until you have obtained all the required insurance coverage. If you fail to obtain and maintain this insurance coverage, we have the right to obtain it on your behalf and to charge you for the cost of such coverage plus interest and our related expenses.

We have the right to increase the minimum coverage, decrease the maximum deductible, or require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards, or other relevant changes in circumstances. We will give you at least 30 days' written notice.

Rebates

We and our affiliates reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this ITEM 8, as well as in connection with any future purchase of any goods, products or services. Most of these payments are calculated on an amount based on products sold. We will retain and use such payments as we deem appropriate or as required by the vendor. We also may derive revenue from any items we sell directly to you in the future by charging you more than our cost.

In fiscal year ended December 31, 2019, we derived \$241,049 in revenues from vendors or suppliers based on purchases or leases made by our franchisees, which represents 4.4% of our total revenues of \$5,498,477.

We are the sole supplier of (i) the start-up package, (ii) the Software System, and (iii) the Initial Marketing fee. (See ITEM 5). In fiscal year ended December 31, 2019, we derived \$1,008,814 in revenues from serving as a supplier to our franchisees, which represents approximately 18% of our total revenues of \$5,498,477.

Some of our officers and directors own an indirect interest in us. None of our officers or directors owns an interest in any other supplier.

We estimate that the cost of goods purchased in accordance with the specifications described above will represent approximately 41% to 48% of your initial investment to commence the operation of your Studio (the exact percentage will depend upon the amount of your other variable start-up expenses), and approximately 1% of your operating expenses.

Except for the start-up package, the Software System, and the Initial Marketing. described above, you are not required to purchase any goods or services from us or our affiliates, but we reserve this right in the future. We do not provide material benefits to a franchisee based upon the franchisee's use of designated or approved sources. We may negotiate purchase arrangements, such as volume discounts, with some of our approved suppliers for the benefit of our franchisees and the System (but not on behalf of individual franchisees). Except as described above, you are not required to purchase any goods or services from any particular supplier. There are currently no purchasing or distribution cooperatives, but we reserve the right to create such cooperatives in the future and require you to participate.

ITEM 9 FRANCHISEE'S OBLIGATIONS

The following 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*	Item in Disclosure Document
a.	Site selection and acquisition / lease	Sections 2A, 2B and 5A, Section 6 in the Conversion Addendum	Items 7 and 11
b.	Pre-opening purchases / leases	Sections 5A, 5E, 6A-6D, 6J and 6K	Items 5, 7 and 8

	Obligation	Section in Agreement*	Item in Disclosure Document
c.	Site development and other pre-opening requirements	Sections 5A and 5B, Section 7 in the Conversion Addendum	Items 7, 8 and 11
d.	Initial and ongoing training	Sections 7A-7C and 7E	Items 6 and 11
e.	Opening	Sections 2C and 5A	Item 11
f.	Fees	Sections 9A-9F, Section 8 in the Conversion Addendum	Items 5, 6 and 7
g.	Compliance with standards and policies / Operations Manual	Sections 6A-6N	Items 6, 7, 8, 11, 15 and 16
h.	Trademarks and proprietary information	Sections 3A-3E, 6E, GH, and 6N	Items 13 and 14
i.	Restrictions on products / services offered	Sections 2D, 6A-6C and 6K	Items 6, 7, 8, 11, and 16
j.	Warranty and customer service requirements	Section 6B and 6C	Items 6 and 8
k.	Territorial development and sales quotas	Sections 2A, 2B, and 2D	Item 12
l.	Ongoing product/service purchases	Sections 6A-6D	Items 6, 7 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 5B-5E	Items 8 and 11
n.	Insurance	Section 10C	Items 6, 7 and 8
o.	Advertising	Sections 8A-8D, 9C, 9E and 9F	Items 6, 7, 8 and 11
p.	Indemnification	Section 10B, Section 10 in the Conversion Addendum	Item 6
q.	Owner's participation management/ staffing	Sections 7A-7E;	Items 11 and 15
r.	Records / reports	Sections 9G, 9J and 9K	Item 11
s.	Inspections / audits	Sections 5A-5C, 6G and 9L, 9M	Items 6 and 11
t.	Transfer	Sections 11A-11H	Items 6 and 17
u.	Renewal	Section 4B	Items 6 and 17
v.	Post-termination obligations	Sections 14A-C	Item 17
w.	Non-competition covenants	Section 10D, 10E and 10F, Section 10 in the Conversion Addendum	Item 17
x.	Dispute resolution	Section 12	Item 17
y.	Other	Not Applicable	Not Applicable

ITEM 10 FINANCING

We do not offer direct or indirect financing except for a Conversion Franchised Business. For a Conversion Franchised Business, we offer direct financing for up to Twenty Four Thousand Dollars (\$24,000) of the Conversion Initial Franchise Fee. We do not guarantee your note, lease or any other obligation and we do not arrange financing from other sources.

Item Financed	Source of Financing	Down Payment	Amount Financed	Term (yrs)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Rights on Default
Conversion Initial Franchise Fee	Franchisor	Balance of Conversion Initial Franchise Fee (See Item 5)	Up to \$24,000	24 months	0%	0 - \$1000	None	Personal Guarantee	Loss of franchise	Waive notice; confess judgment

Notes:

If you meet our credit standards, we will finance up to \$24,000 of the Conversion Initial Franchise Fee over a 24-month period. The interest rate is 0%. You will sign the Promissory Note and a waiver of notice and confession of judgment attached to the FDD as Exhibit J. The only security we require is a personal guarantee of the Note by you, your spouse and the shareholders, members or partners if the franchisee is a corporation, limited liability company or partnership. The Note can be prepaid without any penalty at any time. If you do not pay your monthly payments on time or pay the Note in full when due we can accelerate payment of the Note and demand immediate payment of the full outstanding balance and obtain court costs and attorney's fees if a collection action is necessary. We also have the right to terminate your franchise if you do not make your payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against us.

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

Except as listed below, we are not required to provide you with any assistance. If your Studio or Conversion Franchised Business will be located in a Master Developer's development area, most of these services shall be provided by your Master Developer. The Master Developer receives 50% of the royalty payments in exchange, in part, for providing these services.

Pre-Opening Assistance. Before you open your Studio or Conversion Franchised Business, we or your Master Developer will:

1. Approve the location of the Studio or Conversion Franchised Business (see *Location of the Franchised Business*, below) and provide you general building, design and construction requirements for your Studio or Conversion Franchised Business (as necessary). (Franchise Agreement Sections 5.A and 5.B and Conversion Addendum)
2. Deliver to you the applicable Start-Up Package for your Studio or Conversion Franchised Business. (Franchise Agreement Section 9.B)
3. Assist you in reviewing the terms of the lease for your Studio or Conversion Franchised Business (if you are relocating from your existing premises). (Franchise Agreement Section 5.A). Our review of your lease or purchase agreement and any advice or recommendations

we or your Master Developer may offer is not a representation or guarantee by us or your Master Developer that you will succeed at the leased or purchased premises.

4. Will assist in your Studio's or Conversion Franchised Business advertising and marketing campaigns. (Franchise Agreement Section 8.C)
5. Provide you with the Approved Suppliers and Approved Supplies List (Franchise Agreement, Section 6.C).
6. Provide the training programs described below (Franchise Agreement, Sections 7B and 7C).
7. Loan you an electronic copy of the Operations Manual (or provide electronic access to the Operations Manual), which contains mandatory and suggested specifications, standards, and procedures for the operation of your Studio or Conversion Franchised Business (the "**Operations Manual**"). (Franchise Agreement Section 6.B)

Typical Length of Time Between Signing the Franchise Agreement and Opening For Business

The typical length of time between the signing of the Franchise Agreement or remitting the first payment of consideration for the franchise, whichever is earlier, and opening a Studio or a Conversion Franchised Business from new premises varies based on the particular location but is generally approximately six months. Factors that may affect this time period may include the time it takes to find a location, negotiate a lease, obtain necessary building permits and licenses, complete build-out, and hire and train your staff. You must, however, open your Studio or Conversion Franchised Business from new premises within 180 days of the effective date of your Franchise Agreement (unless we approve an extension of time in writing). If you fail to do so, we have the right to terminate the Franchise Agreement without you having an opportunity to cure and without us having an obligation to refund any fees.

If you are converting an existing business to a Conversion Franchised Business the typical length of time between the signing of the Franchise Agreement or remitting the first payment of consideration for the franchise, whichever is earlier, and opening a Conversion Franchised Business varies based on the particular location, but is generally approximately 60 days.

Ongoing Assistance. We, or your Master Developer will provide the following assistance during the operation of your Studio:

1. Printers and workflow, marketing and software or services such as CoreBridge and the website;
2. Maintain the Marketing Fund (Franchise Agreement, Section 8.A);
3. Provide updates to the Approved Suppliers and Approved Supplies Lists and continue to research and develop new products and services (Franchise Agreement, Section 6.C);
4. Make periodic visits to your Studio or Conversion Franchised Business as we reasonably determine to be necessary to provide consultation and guidance (including without limitation regarding customer service; purchasing of inventory and supplies; inventory control, and operating and workflow procedures; implementation of new products, services and improvements to the System; all graphic related production; preventative maintenance on equipment). (Franchise Agreement, Section 6.G);

5. Provide ongoing training at our headquarters, the Authorized Location or other location we designate, as we determine necessary, and require the Control Person, the General Manager and/or other key personnel of the Studio or Conversion Franchised Business to attend, at your expense (Franchise Agreement, Sections 7.C and 7.E);
6. Hold or sponsor franchise conventions and meetings relating to new products or services, new operational procedures or programs, training, studio management, sales or sales promotion, or similar topics, as we determine necessary, and require you or the Control Person to attend, at your expense. (Franchise Agreement, Section 7.E);
7. Provide ongoing communication and support and updates to the Operations Manual (Franchise Agreement, Section 6.B).

In addition, we or your Master Developer may, from time to time, make suggestions to you with regard to your pricing policies. Any list or schedule of prices furnished to you may, unless otherwise specifically stated, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us. You agree to participate and report the results of a local pricing analysis no less than once every two years.

Location of the Franchised Business

You will operate your Studio or Conversion Franchised Business from a location that you propose and that we approve. Within 60 days after the effective date of your Franchise Agreement, you must provide us or your Master Developer with site selection reports for at least three potential sites for your Studio, each of which complies with our site selection criteria. After you have submitted site selection reports, we may schedule an on-site evaluation for each of the proposed sites. We or your Master Developer may travel to your market once, at either our expense or your Master Developer's expense, to visit the three proposed locations to determine the suitability of each site. If none of the sites is acceptable, you must provide us or your Master Developer with site selection reports for at least three additional potential locations, and we or your Master Developer may travel to your market again, at your expense, to visit the sites. The factors that we consider in approving a site are the visibility of the site, demographics of the surrounding area, ingress and egress capabilities, available electrical power of the site, local competition, and the terms of the proposed lease. We also consider whether the proposed site is considered light industrial or tech-flex space and prefer single-story buildings with a vehicle bay door. There is no time limit within which we must approve or disapprove a site that you propose, but in most cases, we approve or disapprove a site within 30 days after we visit it. Within 120 days of the effective date of your Franchise Agreement, you must have secured a suitable site for the Studio with our written approval regarding that site and provided us with a copy of signed the lease agreement. Your failure to do so by that deadline will constitute a default under the Franchise Agreement, for which we will have the right to terminate the Franchise Agreement. You may not purchase or lease a site until we have approved it. You are responsible for final site selection and lease negotiation. Our approval of a location for the Studio means only that your site meets our minimum site selection criteria; it is not a representation or guarantee by us or your Master Developer that you will succeed at the leased or purchased premises. (Franchise Agreement Section 5.A). If you are purchasing a Conversion Franchised Business and we do not approve of your existing location, you will follow the site selection process described above.

Marketing

Recognizing the value of advertising and marketing to the goodwill and public image of SpeedPro Imaging studios, we have established and administer and control a Marketing Fund (the

“Fund”). You will be required to contribute to the Fund a Marketing Fee in an amount equal to 2% of Gross Sales of the Studio each month. (Franchise Agreement Sections 8.A and 9.E). If you are purchasing a Conversion Franchised Business, you will be required to contribute to the Fund a Marketing Fee in an amount equal to 1% of Gross Sales of the Conversion Franchised Business each month for the first 12 months of operations. Beginning month 13 you will contribute 1.5% of Gross Sales of the Conversion Franchised Business each month. Beginning month 25 and continuing for the remainder of the Term of the Franchise Agreement, you will contribute 2% of Gross Sales of the Conversion Franchised Business each month.

All sums paid to the Fund will be maintained in a separate account from our other funds. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. We have the right to make disbursements from the Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, sales, advertising, social media and promotional campaigns. Without limiting the generality of the foregoing, the Fund may be used for the following purposes: (1) salaries, benefits and any other payments made to employees or any other individual or entity providing services to the Fund, and administrative costs and other operating expenses; (2) broadcast, digital, online, print or other advertising; (3) the creation, development and production of advertising and promotional materials; (4) any marketing or related research, surveys and development, including software for the collection of client reviews, testimonials and recommendations; (5) advertising and marketing expenses, including product research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, client incentive programs, sponsorships, marketing meetings and sales incentives, development of our website, social media and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify; and (6) lead generation activities including but not limited to outsourced or in-house call center personnel, dedicated or outsourced sales professionals or other individuals and programs. (Franchise Agreement Section 8.A).

We determine the use of the monies in the Fund. We are not required to spend any particular Fund contribution amount on marketing, advertising or promotion in the area in which your Studio or Conversion Franchised Business is located. We oversee the advertising program and use the Fund to create marketing materials and conduct advertising, promotions and marketing. We contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned and affiliate-owned studio in the same local marketing area. We will prepare an annual unaudited accounting of the Fund and make it available for your review upon your written request. We have our own in-house marketing and advertising production capabilities, but also may use an outside national, regional, or local agency. We may be reimbursed for personnel and other administrative costs and overhead incurred in administering the Fund. We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate “Franchises Available”. (Franchise Agreement Section 8.A). The Fund may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms that we determine. We may reimburse us or other lenders for such loans from the Fund. We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly or on a pro-rata basis. We do not undertake any obligation to ensure that the Fund expenditures in or affecting any geographic area are proportionate or equivalent to the contributions of franchisees operating in that geographic area. Any amounts that remain in the Marketing Fund at the end of each year accrue and may be applied toward the next year's expenses.

We assume no direct or indirect liability or obligation to you for collecting amounts due to any advertising account. We will not be liable for any act or omission with respect to the Marketing Fund, including but not limited to, maintaining, directing or administering the Marketing Fund or any other advertising account.

During our last fiscal year ended December 31, 2019, the Fund expenses were primarily allocated to the following purposes:

Category of Spending	Percentage of Total Expenditures
Websites	47%
Branding	22%
Marketing	18%
Fund Administration	14%

All of your marketing and promotion (including through social media) must be in media that we approve and must be conducted in a dignified manner and conform to the standards and requirements that we specify. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Studio or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks. (Franchise Agreement Section 8.C)

Franchisee Advisory Council

We established a franchisee advisory council (“**FAC**”) to advise us on advertising policies and other matters involving the System. The FAC consists of members of our staff and franchisees elected by us and serves in an advisory capacity only. We have the power to form, change, or dissolve the Franchisee Advisory Council.

Computer System

You will need a computer system to operate your Studio or Conversion Franchised Business. The initial cost of the computer system is included in the cost of the Start-Up Package. You must pay us a Start Up Fee of \$115,400 for the Start-Up Package for a new Studio and up to \$92,000 for a Conversion Franchised Business. You will be required to use our designated Software System in the operation of your Studio, which currently includes our basic technology workflow system (currently CoreBridge), five SpeedPro email addresses, our data storage and transfer system (currently ShareFile), our CRM. The initial fee for the Software System is included in the Start-Up Fee. You will be required to pay us the Technology Monthly Fee, for which we will provide you with technical support, updates and upgrades for the Software System. See ITEM 6. You are not required to buy an electronic cash register. (Franchise Agreement Section 6.D). All domain and URL usage must be preapproved and initiated by us. We will then license to you the right to use the domain and URL only in your Studio or Conversion Franchised Business.

In the future, you may be required to purchase or lease other proprietary software from us or from a third party that we designate. (Franchise Agreement Section 6.D). You may be required to license the proprietary software from us, an affiliate or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the proprietary software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to specifications we develop. We reserve the right to designate a single source from whom you must purchase the Computer System. Except as disclosed above, you are not required to enter into any ongoing maintenance or support agreement, but you may find it advantageous to do so for other software

applications that you will use. The annual cost of additional maintenance, updating, upgrading or support contracts will range from \$600 to \$900.

You will use your computer system to maintain information about clients of the Studio or Conversion Franchised Business, prepare proposals and invoices, maintain the financial records of the franchised business, access Internet sites, and communicate with prospective and current clients, suppliers, us, and others via e-mail. We own all client data and may use the same as we deem appropriate. (Franchise Agreement Section 6.E). We will have the right at all times to access your computer system to retrieve, analyze and use any information relating to your Franchised Business (Franchise Agreement Sections 6.D and 6.E). You must, at all times, have at the Authorized Location internet access with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain: (i) an email account for our direct correspondence with the Control Person; and (ii) a separate email account for the Studio or Conversion Franchised Business. (Franchise Agreement Section 6.D).

You are contractually required to upgrade or update your computer system during the term of the Franchise Agreement (Franchise Agreement Section 6.D) within 90 days of our notice. There are no limits on the costs you may incur to upgrade or update. Except for our obligations relating to our Software System described above, we are not obligated to provide or assist you to obtain ongoing maintenance, upgrades or updates to your computer system. It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Studio or Conversion Franchised Business, including all data protection or security laws as well as PCI compliance. (Franchise Agreement Section 6.D).

System Website

We require you to participate in a website on the internet relating to the System (“**Website**”). You may not operate a separate website for your franchise. We have the right to determine the content and use of the Website and will establish the rules under which franchisees may participate. We will retain all rights relating to the Website and may alter or terminate the Website without prior notice to you. Certain information obtained through your participation in the Website may be considered Confidential Information, including access codes and identification codes. Your right to participate in the Website will terminate when the Franchise Agreement expires or terminates. (Franchise Agreement Section 6.I).

Operations Manual

Attached as Exhibit D to this Disclosure Document is the table of contents for our Operations Manual. You must treat the Operations Manual, and other written materials created or approved for use in the operation of the Studio or Conversion Franchised Business, and the information contained in them, as confidential. The Operations Manual will remain our sole property. You will receive access to an electronic version of the Operations Manual when you begin the initial training program. We may, from time to time, revise the contents of the Operations Manual and you must comply with each new or changed standard. The Operations Manual includes approximately 268 pages.

Training

Before your Studio opens for business or before you convert your business to a Conversion Franchised Business (as the case may be), we will make available to you and your employees initial training at our headquarters (currently located in Centennial, Colorado). (Franchise Agreement Section 7.B). You must attend and complete, to our satisfaction, our initial training before you are permitted to open your Studio or your Conversion Franchised Business (as the case may be). The instructional materials used include written resources, such as the Operations Manual, and online

teaching resources. The program consists of a total of 130 hours of training, located at the SpeedPro Headquarters, your own Studio, and another SpeedPro Studio.

The training includes instruction in the following subjects:

TRAINING PROGRAM

Subject	Classroom Hours	On-the-Job Hours	Location
Orientation w/ the CEO	2	0	SpeedPro HQ
Financial Management	8	0	SpeedPro HQ
Sales	14	0	SpeedPro HQ
Marketing	3	0	SpeedPro HQ
Leadership, Management & Recruitment	8	0	SpeedPro HQ
Workflow & CRM Software System Training	12	0	Online
Parts, Products & Applications	2	4	Online and/or Your Studio
Business Management Operation Systems	4	3	Online, Your Studio or HQ
Printer & Software (Prerequisite) Certification Courses	2	8	Online and/or HQ
Software (Adobe Illustrator, Adobe Photoshop)	4	0	Online and/or HQ
Software (RIP Software)	4	0	Online and/or HQ
Printer Training	6	0	SpeedPro HQ
Color Profiling	2	0	SpeedPro HQ
Lamination & Mounting	4	0	SpeedPro HQ
Print/Cut Graphics & Cut-Only Vinyl	4	0	SpeedPro HQ
Print & Mount Studio Graphics	4	0	SpeedPro HQ
Installations, Tools of the Trade, Practice Producing Prerequisite Orders	8	0	SpeedPro HQ
Minimum of 3 full days spent in a high-production Studio	0	24	Another SpeedPro Studio
TOTAL	91	39	

Training – Transfer

If your Studio is acquired via a Transfer and is open and operating, you and your employees must attend an initial training at our headquarters (currently located in Centennial, Colorado). It consists of a total of 37 hours of training and includes instruction in the following subjects:

TRAINING PROGRAM – TRANSFER FRANCHISE

Subject	Classroom Hours	On the Job Hours	Location
Orientation w/ the CEO	2	0	SpeedPro HQ
Parts, Products, and Applications	2	0	SpeedPro HQ
Financial Management	8	0	SpeedPro HQ
Sales	14	0	SpeedPro HQ
Marketing Training	3	0	SpeedPro HQ
Leadership, Management & Recruitment	8	0	SpeedPro HQ
TOTAL	37	0	

Additionally, as a transferee you will be required to train on the Studio equipment. You may receive this training from your seller. However, if you are purchasing new equipment or the Studio you are acquiring has our current equipment, you may attend equipment training at our headquarters.

If you require additional training (beyond our standard transfer training), we reserve the right to charge you an additional fee for such additional training, not to exceed \$2,500. (Franchise Agreement Sections 11.C and 11.G).

Our instructors have the following experience:

- Larry Oberly is President & CEO. Larry brings 27 years of franchise experience from the food service, real estate and large-format printing industries. Before joining SpeedPro in November of 2017, he served for 17 years as Vice President of U.S. and Global Operations at RE/MAX LLC, where he headed growth, development, technology and training for more than 100 countries and territories, 3,850 offices and 54,000 agents. Prior to RE/MAX, Larry was a successful multi-unit Baskin-Robbins franchisee with full P&L accountability for marketing and sales, quality customer service, team development, purchasing and accounting. After six years, he built and sold his businesses at a substantial profit and was elected to serve on the Baskin-Robbins National Marketing Committee.
- Elliot Parks is Chief Financial Officer. He has over 13 years of accounting, IT, and operational experience. Prior to joining SpeedPro, Elliot was in charge of finance in the IT department of a large franchisor. He also spent seven years at KPMG in their audit practice servicing various clients in a multitude of industries. As the Chief Operating Officer at the Home Office, he leads all finance, operations, business consulting, and production support activities.

- Ryan Yates is Director of Production Support. He has over 21 years of experience in the sign and graphic industry. He joined SpeedPro in 2016 and leads our support team and provides a multitude of facets to our production-based trainings in our state-of-the-art in-house facility. He brings extensive knowledge of various printers, cutters, routers, RIP software and graphic-based production tools.
- Zachary Meade is our Director of Training and consultant for Texas, Virginia and other mid-west states. He has more than 26 years of combined experience in executive recruitment, sales, management consulting, and business coaching. Working in the U.S. and Europe for both startup organizations and Fortune 100 companies, he has partnered with clients in industries such as information technology, investment banking, real estate, consumer lending, and manufacturing.
- Danielle Yuthas is Senior Director of Marketing. She is a franchise marketing expert with experience at multiple brands including Ace Hardware, Elements Massage, Fitness Together and FIT36. She earned her Certified Franchise Executive (CFE) credential through the International Franchise Association where she serves as a member of the marketing and technology committee. Prior to entering the world of franchising, she was the Director of Search Engine Marketing at a Denver-based ad agency.
- Robert Sybert is our Senior Systems Administrator, providing technical support to our owners and their staff. He brings over 31 years of technical support from working at IBM and AT&T.

In addition to these people, if you operate a franchise Studio or Conversion Franchised Business in an area served by a Master Developer, the Master Developer shall provide all necessary follow-up training. See **Exhibit I** for the background and experience of our Master Developers. We may change or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training.

Except as noted above with respect to additional training in connection with transfers, we do not charge for the training separate and beyond what you pay in the Start-up Package, but you are responsible for paying the costs of travel, lodging, food, and compensation for you and your employees during the training program. The initial training program is mandatory, either you or your general manager responsible for the general oversight and management of the Studio or Conversion Franchised Business must complete the training program at our home office before the Studio or Conversion Franchised Business opens. (Franchise Agreement Section 7.B). After the initial training, you will be responsible for training your employees using training aids that we designate. We periodically may require that previously trained franchisees attend and participate in retraining or refresher courses. We do not currently charge for these retraining or refresher courses but we reserve the right to charge our then-current training rates for these courses, and you are also responsible for paying the costs of travel, lodging, food, and compensation for you and your employees (Franchise Agreement Section 7.C). In addition, you are required to attend our annual franchisee convention (at a location designated by us) and pay our then-current convention fee (currently \$275, but such fee may be increased by us at any time, not to exceed \$750), in addition to paying for your travel expenses associated with your attendance of the convention. (Franchise Agreement Section 7.E). See also ITEM 6.

If you are an existing franchisee and you obtain the right to open an additional Studio, the same training requirements as disclosed in this ITEM 11 will apply to you with respect to your additional Studio; provided, that we may (in our discretion) waive or limit certain of your initial training requirements depending on when you last received training.

ITEM 12 TERRITORY

You will operate the Studio or Conversion Franchised Business at a location that we approve (the “**Authorized Location**”). You may, with our prior written consent, relocate the Studio or Conversion Franchised Business to a location within the Territory that is acceptable to us. You are responsible for all relocation costs that you incur, and you must reimburse us for any costs that we incur and services that we provide (for example, lease negotiation assistance) in connection with your relocation (your obligation to reimburse us for our costs will not exceed \$1,000).

When you sign the Franchise Agreement, we will identify an area within which you will be permitted to operate your Studio or Conversion Franchised Business (“**Territory**”). You must locate your Studio or Conversion Franchised Business within your Territory. The Territory shall include up to but no more than 7,000 businesses and based on our sole discretion. The Territory will be identified in the Summary Pages of the Franchise Agreement in terms of geographic boundaries. If the Territory is not identified in the Summary Pages of the Franchise Agreement, the Territory will be determined by us and it will be identified by contiguous zip codes surrounding the Studio that include approximately up to but no more than 7,000 businesses, as determined by us. We will notify you in writing of your assigned Territory.

If you choose to convert your existing business to a Conversion Franchised Business, your Territory shall include up to but no more than 7,000 businesses, and your Territory shall not encroach on another franchisee’s Territory. Your Territory will be defined in the Franchise Agreement after our completion of a review of your prior business operations.

During the term of the Franchise Agreement, your Territory will be exclusive to the extent that we will neither locate nor grant others the right to establish another SpeedPro Imaging studio in your Territory. However, you may face competition from other channels of distribution or competitive brands that we may control, and we and our affiliates reserve all other rights not specifically granted to you under the Franchise Agreement.

Reservation of Rights.

The license granted to you under the Franchise Agreement does not include (a) any right to sell products or services at any location outside the Authorized Location, (b) any right to sell products or services through any other channels or methods of distribution, including the Internet (or any other existing or future form of electronic commerce), (c) any right to sell products or services to any person or entity for resale or further distribution, except as we may establish from time to time, or (d) any right to exclude, control or impose conditions on our development of future franchised, company- or affiliate-owned SpeedPro Imaging studios at any time or at any location regardless of the proximity to your Territory.

Further, we may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned or affiliate-owned SpeedPro Imaging studios at any location outside your Territory regardless of the proximity of such studios or Conversion Franchised Businesses to your Territory;

(ii) merge with, acquire or become associated with (“**Merger/Acquisition Activity**”) any businesses or studios of any kind (including those in competition with SpeedPro Imaging) under other systems and/or other marks, which businesses and studios may convert to or operate under the Marks and may offer or sell products and services that are the same as or similar to the products

and services offered at or from the Studio or Conversion Franchised Business, and which may be located anywhere inside or outside of your Territory; and

(iii) sell and distribute for ourselves and/or license others to sell and distribute through franchised businesses or any other method of distribution, both inside and outside your Territory, products or services that are the same as or different from the products and services offered under the SpeedPro Imaging System, and which are offered and distributed under marks different than the Marks.





In addition, we and our affiliates have the right both inside and outside your Territory to offer, sell or distribute any proprietary items or other products or services associated with the System (now or in the future) or identified by the Marks, or any other trademarks, service marks or trade names through any distribution channels or methods ("**Alternative Methods of Distribution**"), including, without limitation, regional malls, special events, television, mail order, catalog sales, wholesale sale to unrelated retail outlets, or over the internet or any other form of electronic media (including social technology, social media, and social networking platforms). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet, conduct e-commerce or engage in social networking on the Internet using the Marks without our prior written approval.

You may solicit business anywhere within the United States but you may not use the Alternative Methods of Distribution described above without first obtaining our prior written approval, and you may not solicit any active clients of any other SpeedPro Imaging studio in violation of our then-current client anti-poaching policy. See ITEM 6 for a penalty for violation of our client anti-poaching policy. We and other franchisees may solicit business inside your Territory, and neither we nor other franchisees are required to pay you any compensation for business solicited or performed in your Territory. Subject to compliance with our client anti-poaching policy, client preference will be a priority and you must operate in good faith with all other Studios and Conversion Franchised Businesses.

We do not grant you any options, rights of first refusal, or similar rights to acquire additional franchises in the Territory or contiguous territories. We have no present intention to operate or offer franchises for businesses that offer similar products or services under a different trademark, but we are not contractually prohibited from doing so.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use the trademark SpeedPro, as well as other trademarks, service marks, trade names and commercial symbols and other Marks that we designate. SP IP has registered the following marks on the Principal Register of the United States Patent and Trademark Office (“USPTO”). SP IP has filed all required affidavits and renewals in connection with the registrations listed below.

Mark	Registration Date	Registration Number
	December 29, 2009	3,730,894
	April 26, 2016	4,947,414
 Great. Big. Graphics.	January 15, 2015	5,004,209
SPEEDPRO	MAY 13, 1997	2,060,515
 Great. Big. Graphics.	July 11, 2019	5,975,938

On April 21, 2014, we entered into a License Agreement with SP IP, whereby SP IP granted us a non-exclusive, royalty-free, non-transferable license to use the Marks for purposes of franchising the SpeedPro System in the United States. The License Agreement is for an initial term of 10 years and then automatically renews for additional 10-year terms unless either party provides a notice of non-renewal at least 180 days prior to the expiration of the then-current term. The non-defaulting party may terminate the License Agreement if the other party fails to cure a material breach, due to the other party's bankruptcy, due to unauthorized transfer of the License Agreement by licensee, or if licensee has received three or more notices of default in any five-year period. We and our affiliate, SP IP, also claim common law trademark rights for all of the Marks.

We are not aware of any agreements currently in effect which significantly limit our right to use or sublicense the Marks in any manner material to the franchise described in this disclosure document. We are not aware of any effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court relating to the Marks. We are not aware of any pending infringement, opposition, or cancellation proceedings or any pending material litigation involving any of the Marks. We are not aware of any superior prior rights in the Marks or infringing uses of the Marks that could materially affect their use in any jurisdiction or market area.

Appendix A to your Franchise Agreement identifies the Marks that you are licensed to use. We have the right to change **Appendix A** from time to time. Your use of the Marks and any goodwill is to our exclusive benefit and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement.

You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks. We may change the System presently identified by the Marks including the adoption of new Marks, new products, services, equipment or new techniques and you must adopt the changes in the System, as if they were part of the Franchise Agreement at the time of its execution. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense within the timeframe we prescribe. We will have no liability or obligation as to your modification or discontinuance of any Mark.

You may use our Marks only in connection with operating and promoting your Studio and may only use such Marks according to the Standards.

You may not use the Marks in your corporate name, and every use of “SPEEDPRO” as a service mark or trade name or other identifier of your Studio must be in conjunction with the suffix or other words or phrases more specifically identifying your Studio in the exact format that we prescribe. You must comply with our requirements, and all requirements imposed by the jurisdiction in which you operate the Studio, concerning fictitious name registration and usage. You may not register any of the Marks as part of any Internet domain name or URL, and may not display or use any of the Marks or other intellectual property in connection with any advertising or promotional materials, which we have not previously approved for use.

You must identify yourself as the owner and independent operator of your Studio, by placing a conspicuous notice in the form and in the places we require. This may include on premises notices or prescribed designations on business forms, stationery and contracts.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Marks and we have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make the changes or substitutions at your own expense.

If you are converting an existing business to a Conversion Franchised Business, you will use the Marks in the Conversion Franchised Business.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We do not own any patents that are material to our business. We do claim copyright protection and proprietary rights in the original materials used in the System, including our Operations Manual, the content and design of all advertising and sales literature, sales forms, and other writings used in connection with the operation and promotion of the Studios; the design elements of the Marks; and the content and design of the www.speedpro.com website and any other website developed and maintained by us or on our behalf.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of the patents or copyrights of which you become aware.

You must keep confidential during and after the term of the Franchise Agreement all trade secret and proprietary information, including the Operations Manual and the training video materials. Upon termination of your Franchise Agreement, you must return to us all proprietary information, including but not limited to any writing relating to the Operations Manual, all client information and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the Operations Manual at your cost.

All ideas, concepts, procedures, techniques or processes concerning the SpeedPro Imaging Studio, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you will assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

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

You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as your Principal Owners. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Principal Owners.

You must have a Control Person, who is an individual with authority to actively direct the business affairs of the Studio, is responsible for overseeing the general management of the day to day operations of the Studio and has authority to sign on your behalf all contracts and commercial documents.

You are obligated to continuously promote and enhance the Studio, including performing sales and marketing activities. The Studio must be run by the owner or general manager who has satisfactorily completed the initial training program. If your general manager leaves your employment or is otherwise terminated, you must immediately hire and train a qualified replacement general manager or manage the day-to-day operations of the Studio yourself. The Studio must at all times be under the direct supervision of a properly trained qualified owner or general manager.

You or your general manager must attend any annual meeting, convention or conference of franchisees and all meetings relating to new products or services, new operational procedures or programs, training, studio management, sales or sales promotion, or similar topics, that we offer, at your own expense.

All shareholders, officers, directors, partners, members and all managers and other employees having access to our proprietary information must execute non-disclosure agreements in a form we accept concurrently with the execution of the franchise agreement. Our current form is attached as **Exhibit E**. If we so require, your managers and supervisory personnel and other employees receiving training from us must execute covenants not to compete in a form that we approve.

Additionally, each of your Principal Owners (as the term is defined in the Franchise Agreement) must sign the form of undertaking and guarantee attached to the Franchise Agreement, pursuant to which they agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement.

ITEM 16

RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

You may offer and sell only those products and services that we authorize for sale and those products and services not prohibited from sale by the terms of the lease of the premises upon which your Studio is located. We have the right to change the types of authorized products and services at any time. See ITEM 8. There are no limitations on the clients to whom you may sell except that you may not solicit the business of active clients of another SpeedPro Imaging studio in violation of our client anti-poaching policy (as set forth from time to time in the Operations Manual). See also ITEM 6.

In addition, your Studio may not be used for any purpose other than as allowed by your Franchise Agreement. The products offered at other SpeedPro studios may vary slightly from those offered at your Studio, depending on factors like the market, the size of the Studio, and market testing. These variations are in our sole discretion.

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

The following 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 of Agreement	Summary
a.	Term of the franchise	4.A	10 years.
b.	Renewal or extension of the term	4.B	Option to renew for one additional term of ten (10) years each. Subsequent renewals are to be negotiated in good faith with us.
c.	Requirements for you to renew or extend	4.B	Your renewal rights permit you to remain a franchisee after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the required pre-conditions to renewal, we will offer you the right to 1 renewal term of 10 years. You give us written notice of your decision to renew at least 6 months but not more than 12 months before the end of the expiring term; you sign our then current form of franchise agreement, which may have materially different terms and conditions from your original contract; you have complied with the remodeling and modernization requirements for your Studio (no less than \$10,000 or more than \$150,000 for the renewal term); you are not in default and have satisfied your obligations on a timely basis; if leasing and are not subject to relocation, you have written proof of your ability to remain in possession of the Studio premises throughout the renewal term, i.e., a signed copy of the lease renewal; you comply with our training requirements; and you and your Principal Owners sign a release. There is no renewal fee if the current form of our franchise agreement is signed and the above requirements are met six months before the end of the expiring term. If you sign the current form of our franchise agreement and meet the other requirements above within 6 months of the expiring term, a renewal fee of \$10,000 will be assessed.
d.	Termination by you	13C	You may terminate the Franchise Agreement only for a material breach by us, provided you give us written notice of the breach and allow 30 days to cure such breach. However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate the Franchise Agreement if, you send us written notice and we do not commence to cure the default within 30 days of your written notice and continue efforts to cure the breach until completion.
e.	Termination by us without cause	No provision	Not applicable.

Provision		Section of Agreement	Summary
f.	Termination by us with cause	13.A and 13.B	We can terminate the Franchise Agreement only if you default or fail to comply with your obligations.
g.	"Cause" defined-curable defaults	13.A and 13.B	You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; marketing on the Internet or in social media without our approval and failing to cure the default within 24 hours; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.
h.	"Cause" defined-defaults which cannot be cured	2.A, 5.A, 5.B, 5.F, 9.K, 13.A, 13.B, Section 11 in Conversion Addendum	Non-curable defaults include: any material misrepresentation or omission in your application for a franchise; abandonment; sale of printing-related equipment; loss of lease, the failure to timely cure a default under the lease, the loss of your right of possession or failure to relocate; unauthorized use of confidential information; voluntary or involuntary bankruptcy ¹ by or against you or any Principal Owner or guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors; defaults that materially impair the goodwill associated with any of the Marks; felony or criminal convictions (or plea of no contest); infringement of Marks; intentionally understating or underreporting Gross Sales, royalties or other fees or 2% variance on subsequent audit within a 3-year period; failure to open the Studio or Conversion Franchised Business (if in a new location) within 180 days of date of Franchise Agreement, failure to open your Conversion Franchised Business (if in an existing location) within 90 days of the date of the Franchise Agreement; failure to open the Studio or the Conversion Franchised Business on the Grand Opening Date, failure to execute lease or purchase agreement for Studio within 60 days of date of Franchise Agreement, failure to successfully complete our initial training program, unapproved assignments or transfers or multiple defaults or default of the Note past all applicable cure periods (if you are a Conversion Franchised Business and receive financing from us (see Item 10)..

Provision		Section of Agreement	Summary
i.	Your obligations on termination / nonrenewal	14.A-14.C	Obligations include complete de-identification of the Studio or Conversion Franchised Business and payment of amounts due; assignment of lease, telephone numbers and all domain and URLs used in connection with the business upon our demand; return of Operations Manual and Confidential Information, proprietary materials and related writings, including client information; right to purchase assets of the Studio (also see (o) and (r) below); and payment of the termination payment in the event of termination with cause (See ITEM 6).
j.	Assignment of contract by us	11.I	No restriction on our right to assign.
k.	"Transfer" by franchisee – defined	11.A	Includes any transfer of your interest in the Franchise Agreement or in the business or any ownership change listed in Section 11A of the Franchise Agreement.
l.	Our approval of transfer by you	11.B	We have the right to approve all transfers but will not unreasonably withhold approval; provided that all conditions to transfer have been satisfied.
m.	Conditions for our approval of transfer	11.B-11.D	Transferee meets all of our then-current requirements for new franchisees, transfer fee paid, all amounts owed by prior franchisee paid, required modernization/upgrade is completed (within 90 days of transfer), training completed, transferee executes then-current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business are prepared and delivered, release signed by you and your owners, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies (also see (r) below); provided that certain transfer conditions do not apply to transfers to immediate family members or among Principal Owners.
n.	Our right of first refusal to acquire your business	11.F	We can match any offer for your Studio or Conversion Franchised Business assets and, in the case of a proposed stock sale, we can purchase your Studio assets at a price determined by an appraiser, unless you and we agree otherwise.
o.	Our option to purchase your business upon termination	14B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Studio or Conversion Franchised Business, including the land (provided that, in the event of expiration of Franchise Agreement, you may choose to lease the land to us), building, equipment, fixtures, signs, furnishings, supplies, leasehold improvements, and inventory. Qualified appraiser(s) will determine price as set forth in the Franchise Agreement.

Provision		Section of Agreement	Summary
p.	Your death or disability	11.E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions, but if assignee is your spouse or child, no transfer fee is required, and we will not have a right of first refusal. We may act as non-exclusive agent for the sale of your rights under the Franchise Agreement upon terms mutually agreed upon, and we may operate the Studio or Conversion Franchised Business as long as deemed necessary to prevent interruption in the business and we may compensate ourselves for such services.
q.	Non-competition covenants during the term of the franchise	10.D	No direct or indirect involvement in the operation of any other printing and related services business other than the one authorized in the Franchise Agreement.
r.	Non-competition covenants after the franchise is terminated or expires	10.D	No direct or indirect involvement for 2 years in any printing and related services business if such business is located (i) at the premises of the former Studio, (ii) within a 50-mile radius of the former Studio, or (iii) within 50 miles of any other business or studio using the System.
s.	Modification of the agreement	15.B	No modifications generally, but we have the right to change the Operations Manual and list of authorized trademarks.
t.	Integration/merger clause	15.B	Only the terms of the Franchise Agreement (including all attachments) are binding (subject to state law). No representations or promises of any kind made outside the Franchise Agreement (including its attachments) or this Disclosure Document shall be deemed part of the Franchise Agreement.
u.	Dispute resolution by arbitration or mediation	12	All disputes must be mediated in the county in which our headquarters are then located (currently, Arapahoe County, Colorado) or at such other place as mutually acceptable and paid for by the party raising the dispute. If mediation is unsuccessful, either party may proceed by filing a civil action.
v.	Choice of forum	15.I	Civil action must be commenced in the applicable federal or state court for the county in which our headquarters are then located (currently, Arapahoe County, Colorado) (subject to state law). See the state-specific addendum attached to this disclosure document as Exhibit H .
w.	Choice of law	15.H	Colorado law applies to all disputes under this Franchise Agreement. This provision may be prohibited by the laws of the state in which you reside. See the state-specific addendum attached to this disclosure document as Exhibit H

¹Termination on Bankruptcy

A provision in your Franchise Agreement that terminates the franchise on your bankruptcy may not be enforceable under federal bankruptcy law.

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote the franchise.

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not know of an instance, nor do we have reason to believe, that the Studios which met our Reporting Criteria (as defined below) during the applicable Reporting Period (as defined below) would overstate or understate the Gross Sales generated or Cost of Goods Sold or Total Expenses incurred by their respective Studios when reporting this data to us. However, we have not audited this information, nor have we independently verified this information.

The figures in the Tables 1A-1D and Tables 2A-2D below summarize the 2019 financial performances of various Studios in the System presented according to the relative length of time they have operated within the System: two or more years of franchise operations (Tables 1A-1D); and five years or more years of franchise operations (Tables 2A-2D). Specifically, the tables include, for the Studios that met our Reporting Criteria (as defined below), the Average and Median Gross Sales, Average and Median Cost of Goods Sold, Average and Median Gross Profit, Average and Median Gross Margin, Average and Median Expense line items, Average and Median Net Operating Income, Average and Median Add Backs and Average and Median Owner Discretionary Profit for the period between January 1, 2019 and December 31, 2019 (the "Reporting Period"), and the number of Studios that attained or surpassed the average figures for their respective categories and tiers. This Item 19 does not include any Conversion Franchised Businesses. You should carefully review the explanatory notes below.

TABLES 1A-1D

TWO OR MORE YEARS OF FRANCHISE OPERATIONS
(BASED ON 88 STUDIOS' 2019 PROFIT AND LOSS STATEMENTS)

TABLE 1A – 1st Quartile Studios¹

Category	1st Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$1,193,875	9 [41%]	\$ \$1,032,547
Cost of Goods	\$ \$402,965	10 [45%]	\$349,572
Gross Profit	\$ \$790,911	8 [36%]	\$714,216
<i>Gross Profit Margin</i>	66.2%	10 [45%]	65.3%
Expenses			
Employee Payroll	\$246,220	8 [36%]	\$230,664
Facility Lease (Rent)	\$63,940	11 [50%]	\$61,898
Owner Payroll	\$88,761	13 [59%]	\$98,000
SpeedPro Royalties	\$59,658	9 [41%]	\$50,126
Depreciation, Amortization, Interest*	\$47,813	8 [36%]	\$27,080
Utilities/Insurance*	\$27,056	9 [41%]	\$23,931
Advertising & Marketing	\$18,028	11 [50%]	\$17,849
Bad Debt/Bank Charges*	\$27,765	10 [45%]	\$25,281
Travel/Meals/Charity*	\$19,960	9 [41%]	\$15,951
Repairs/Maintenance/Misc Supplies*	\$24,912	7 [32%]	\$18,664
Auto	\$13,301	6 [27%]	\$10,694
Uncategorized*	\$13,295	8 [36%]	\$5,899
Total Expenses	\$ \$650,710	9 [41%]	\$602,618
Net Operating Income	\$140,201	9 [41%]	\$104,684
Net Operating Income Margin	11.7%	9 [41%]	11.3%
Add Backs	\$136,575	13 [59%]	\$147,134
Owners Discretionary Profit (ODP) / EBITDA	\$276,776	5 [23%]	\$235,821
ODP as a % of revenue	23.2%	11 [50%]	23.0%

¹ The information in this table is based on data from 22 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 1st Quartile of the 88 reporting Studios that met the Table 1 Reporting Criteria. The high range for Gross Sales is \$ \$2,986,446 and the low range is \$ \$658,808.

TABLE 1B – 2nd Quartile Studios¹

2nd Quartile			
Category	Average	# of Studios at or above average	Median
Gross Sales	\$ \$541,210	11 [50%]	\$506,594
Cost of Goods	\$ \$171,263	10 [45%]	\$156,501
Gross Profit	\$ \$369,947	8 [36%]	\$ \$349,773
<i>Gross Profit Margin</i>	68.4%	10 [45%]	67.8%
Expenses			
Employee Payroll	\$92,744	7 [32%]	\$77,276
Facility Lease (Rent)	\$38,297	11 [50%]	\$38,428
Owner Payroll	\$47,263	11 [50%]	\$43,250
SpeedPro Royalties	\$27,822	11 [50%]	\$27,770
Depreciation, Amortization, Interest*	\$24,357	9 [41%]	\$16,844
Utilities/Insurance*	\$18,905	10 [45%]	\$17,974
Advertising & Marketing	\$11,908	8 [36%]	\$10,140
Bad Debt/Bank Charges*	\$12,830	10 [45%]	\$11,618
Travel/Meals/Charity*	\$7,165	7 [32%]	\$5,351
Repairs/Maintenance/Misc Supplies*	\$11,462	9 [41%]	\$10,549
Auto	\$7,018	12 [55%]	\$7,279
Uncategorized*	\$8,790	6 [27%]	\$5,609
Total Expenses	\$308,560	8 [36%]	\$286,049
Net Operating Income	\$61,387	11 [50%]	\$61,728
Net Operating Income Margin	11.3%	12 [55%]	11.8%
Add Backs	\$71,620	9 [61%]	\$70,269
Owners Discretionary Profit (ODP) / EBITDA	\$133,007	11 [50%]	\$131,094
ODP as a % of revenue	24.6%	11 [50%]	24.8%

¹ The information in this table is based on data from 22 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 2nd Quartile of the 88 reporting Studios that met the Table 1 Reporting Criteria. The high range for Gross Sales is \$ 752,915 and the low range is \$321,041.

TABLE 1C – 3rd Quartile Studios¹

Category	3rd Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$488,292	7 [32%]	\$467,913
Cost of Goods	\$163,524	8 [36%]	\$139,388
Gross Profit	\$324,768	7 [32%]	\$284,292
Gross Profit Margin	66.5%	12 [55%]	67.5%
Expenses			
Employee Payroll	\$101,063	7 [32%]	\$74,849
Facility Lease (Rent)	\$42,571	11 [50%]	\$41,003
Owner Payroll	\$33,347	8 [36%]	\$7,004
SpeedPro Royalties	\$25,226	9 [41%]	\$23,540
Depreciation, Amortization, Interest*	\$15,206	6 [27%]	\$8,548
Utilities/Insurance*	\$18,710	7 [32%]	\$16,224
Advertising & Marketing	\$8,932	8 [36%]	\$6,152
Bad Debt/Bank Charges*	\$20,276	8 [36%]	\$14,156
Travel/Meals/Charity*	\$10,623	6 [27%]	\$5,515
Repairs/Maintenance/Misc Supplies*	\$10,611	9 [41%]	\$8,762
Auto	\$9,383	9 [41%]	\$6,703
Uncategorized*	\$11,069	8 [36%]	\$6,947
Total Expenses	\$307,017	8 [36%]	\$268,183
Net Operating Income	\$17,751	11 [50%]	\$16,712
Net Operating Income Margin	3.6%	13 [59%]	6.9%
Add Backs	\$48,554	9 [41%]	\$32,792
Owners Discretionary Profit (ODP) / EBITDA	\$66,305	12 [55%]	\$70,718
ODP as a % of revenue	13.6%	12 [55%]	14.4%

¹ The information in this table is based on data from 22 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 3rd Quartile of the 88 reporting Studios that met the Table 1 Reporting Criteria. The high range for Gross Sales is \$1,012,518 and the low range is \$220,941.

TABLE 1D – 4th Quartile Studios¹

Category	Average	# of Studios at or above average	Median
Gross Sales	\$361,292	10 [45%]	\$327,353
Cost of Goods	\$137,363	9 [41%]	\$124,034
Gross Profit	\$223,929	9 [41%]	\$206,208
<i>Gross Profit Margin</i>	62.0%	12 [55%]	63.9%
Expenses			
Employee Payroll	\$98,365	7 [32%]	\$83,742
Facility Lease (Rent)	\$43,205	9 [41%]	\$41,952
Owner Payroll	\$12,922	9 [41%]	\$3,282
SpeedPro Royalties	\$17,978	11 [50%]	\$17,185
Depreciation, Amortization, Interest*	\$15,413	7 [32%]	\$4,429
Utilities/Insurance*	\$17,493	7 [32%]	\$15,317
Advertising & Marketing	\$9,727	10 [45%]	\$7,471
Bad Debt/Bank Charges*	\$19,766	7 [32%]	\$13,247
Travel/Meals/Charity*	\$6,717	8 [36%]	\$3,948
Repairs/Maintenance/Misc Supplies*	\$15,957	4 [18%]	\$8,752
Auto	\$4,586	9 [41%]	\$3,533
Uncategorized*	\$9,245	9 [41%]	\$5,903
Total Expenses	\$271,374	7 [32%]	\$264,058
Net Operating Income	-\$47,445	13 [59%]	-\$35,994
Net Operating Income Margin	-13.1%	10 [45%]	-15.2%
Add Backs	\$28,335	9 [41%]	\$22,424
Owners Discretionary Profit (ODP) / EBITDA	-\$19,110	13 [59%]	-\$13,557
ODP as a % of revenue	-5.3%	12 [55%]	-4.2%

¹ The information in this table is based on data from 22 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 4th Quartile of the 88 reporting Studios that met the Table 1 Reporting Criteria. The high range for Gross Sales is \$770,118 and the low range is \$ 133,716. .

TABLE 2
5 OR MORE YEARS OF FRANCHISE OPERATIONS
(BASED ON 75 STUDIO'S PROFIT AND LOSS STATEMENTS)

TABLE 2A – 1st Quartile Studios¹

Category	1st Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$1,274,252	7 [37%]	\$1,109,831
Cost of Goods	\$428,683	8 [42%]	\$424,589
Gross Profit	\$845,569	8 [42%]	\$729,475
<i>Gross Profit Margin</i>	66.4%	9 [47%]	65.5%
Expenses			
Employee Payroll	\$270,942	7 [37%]	\$238,369
Facility Lease (Rent)	\$67,189	9 [47%]	\$65,990
Owner Payroll	\$90,094	11 [58%]	\$100,000
SpeedPro Royalties	\$65,415	8 [42%]	\$58,883
Depreciation, Amortization, Interest*	\$47,298	7 [37%]	\$19,884
Utilities/Insurance*	\$28,239	9 [47%]	\$24,847
Advertising & Marketing	\$17,504	9 [47%]	\$17,113
Bad Debt/Bank Charges*	\$29,379	8 [42%]	\$26,091
Travel/Meals/Charity*	\$20,418	7 [37%]	\$14,378
Repairs/Maintenance/Misc Supplies*	\$27,372	6 [32%]	\$21,184
Auto	\$13,864	5 [26%]	\$10,555
Uncategorized*	\$13,840	7 [37%]	\$5,429
Total Expenses	\$691,553	7 [37%]	\$626,548
Net Operating Income	\$154,017	8 [42%]	\$106,173
Net Operating Income Margin	12.1%	8 [42%]	11.3%
Add Backs	\$137,392	11 [58%]	\$150,134
Owners Discretionary Profit (ODP) / EBITDA	\$291,409	4 [21%]	\$246,239
ODP as a % of revenue	22.9%	8 [42%]	22.4%

¹ The information in this table is based on data from 19 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 1st Quartile of the 75 reporting Studios that met the Table 2 Reporting Criteria. The high range for Gross Sales is \$2,986,446 and the low range is \$ \$682,601.

TABLE 2B – 2nd Quartile Studios¹

Category	2nd Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$552,390	11 [58%]	\$524,918
Cost of Goods	\$180,623	10 [53%]	\$193,541
Gross Profit	\$371,767	7 [37%]	\$359,471
<i>Gross Profit Margin</i>	67.3%	9 [47%]	67.1%
Expenses			
Employee Payroll	\$91,638	7 [37%]	\$72,325
Facility Lease (Rent)	\$38,568	10 [53%]	\$39,539
Owner Payroll	\$59,102	8 [42%]	\$54,587
SpeedPro Royalties	\$27,331	9 [47%]	\$27,053
Depreciation, Amortization, Interest*	\$25,402	6 [32%]	\$17,004
Utilities/Insurance*	\$18,581	8 [42%]	\$17,745
Advertising & Marketing	\$12,317	8 [42%]	\$11,102
Bad Debt/Bank Charges*	\$13,266	9 [47%]	\$12,059
Travel/Meals/Charity*	\$8,380	6 [32%]	\$5,711
Repairs/Maintenance/Misc Supplies*	\$11,196	7 [37%]	\$9,682
Auto	\$7,562	9 [47%]	\$7,456
Uncategorized*	\$6,130	7 [37%]	\$4,839
Total Expenses	\$319,474	8 [42%]	\$296,827
Net Operating Income	\$52,293	9 [47%]	\$51,398
Net Operating Income Margin	9.5%	11 [58%]	10.4%
Add Backs	\$84,504	8 [42%]	\$73,959
Owners Discretionary Profit (ODP) / EBITDA	\$136,797	10 [53%]	\$137,288
ODP as a % of revenue	24.8%	10 [53%]	25.0%

¹ The information in this table is based on data from 19 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 2nd Quartile of the 75 reporting Studios that met the Table 2 Reporting Criteria. The high range for Gross Sales is \$752,915 and the low range is \$321,041.

TABLE 2C – 3rd Quartile Studios¹

Category	3rd Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$512,610	5 [26%]	\$470,230
Cost of Goods	\$180,214	8 [42%]	\$160,881
Gross Profit	\$332,396	8 [42%]	\$286,025
<i>Gross Profit Margin</i>	64.8%	11 [58%]	65.2%
Expenses			
Employee Payroll	\$100,774	6 [32%]	\$76,255
Facility Lease (Rent)	\$39,450	7 [37%]	\$39,217
Owner Payroll	\$36,310	7 [37%]	\$26,000
SpeedPro Royalties	\$25,537	9 [47%]	\$23,794
Depreciation, Amortization, Interest*	\$16,333	5 [26%]	\$7,998
Utilities/Insurance*	\$19,310	6 [32%]	\$16,223
Advertising & Marketing	\$8,223	7 [37%]	\$6,966
Bad Debt/Bank Charges*	\$20,026	7 [37%]	\$13,514
Travel/Meals/Charity*	\$9,918	5 [26%]	\$3,436
Repairs/Maintenance/Misc Supplies*	\$9,491	8 [42%]	\$7,094
Auto	\$8,391	7 [37%]	\$5,358
Uncategorized*	\$11,168	8 [42%]	\$6,272
Total Expenses	\$304,930	5 [26%]	\$262,617
Net Operating Income	\$27,466	10 [53%]	\$36,071
Net Operating Income Margin	5.4%	11 [58%]	8.7%
Add Backs	\$52,643	9 [47%]	\$47,293
Owners Discretionary Profit (ODP) / EBITDA	\$80,110	12 [63%]	\$86,771
ODP as a % of revenue	15.6%	9 [47%]	15.6%

¹ The information in this table is based on data from 19 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 3rd Quartile of the 75 reporting Studios that met the Table 2 Reporting Criteria. The high range for Gross Sales is \$1,012,518 and the low range is \$257,072.

TABLE 2D – 4th Quartile Studios¹

Category	4th Quartile		
	Average	# of Studios at or above average	Median
Gross Sales	\$377,864	7 [39%]	\$349,264
Cost of Goods	\$141,277	8 [44%]	\$124,034
Gross Profit	\$236,587	8 [44%]	\$222,827
<i>Gross Profit Margin</i>	62.6%	10 [56%]	64.7%
Expenses			
Employee Payroll	\$96,626	5 [28%]	\$82,475
Facility Lease (Rent)	\$44,848	9 [50%]	\$44,663
Owner Payroll	\$18,602	9 [50%]	\$14,388
SpeedPro Royalties	\$19,278	9 [50%]	\$19,350
Depreciation, Amortization, Interest*	\$17,543	7 [39%]	\$10,066
Utilities/Insurance*	\$17,420	6 [33%]	\$15,317
Advertising & Marketing	\$7,838	7 [39%]	\$6,439
Bad Debt/Bank Charges*	\$17,428	8 [44%]	\$15,627
Travel/Meals/Charity*	\$7,120	7 [39%]	\$4,804
Repairs/Maintenance/Misc Supplies*	\$19,713	3 [17%]	\$11,509
Auto	\$5,694	8 [44%]	\$4,266
Uncategorized*	\$12,457	6 [33%]	\$8,341
Total Expenses	\$284,567	7 [39%]	\$269,036
Net Operating Income	-\$47,979	9 [50%]	-\$43,631
Net Operating Income Margin	-12.7%	8 [44%]	-15.2%
Add Backs	\$36,145	8 [44%]	\$30,657
Owners Discretionary Profit (ODP) / EBITDA	-\$11,834	10 [56%]	\$9,012
ODP as a % of revenue	-3.1%	11 [61%]	3.0%

¹ The information in this table is based on data from 18 Studios that represent, in terms of level of Gross Sales for the Reporting Period, the 4th Quartile of the 75 reporting Studios that met the Table 2 Reporting Criteria. The high range for Gross Sales is \$ \$652,880.37 and the low range is \$ \$201,182.00.

Notes to Tables 1A-1D and Table 2A-2D above:

1. “Number of Studios at or above Average” identifies the number of reporting Studios that achieved or exceeded the applicable Average figure reported in Tables 1A-1D or Tables 2A-2D.

2. As of December 31, 2019, SP Franchising LLC had 133 Studios operating in the System. Of those 133 Studios operating, 88 Studios met all of the following criteria (“**Table 1 Reporting Criteria**”): each Studio (a) operated at least one full month prior to January 1, 2018; (b) operated and offered products and services throughout the entire Reporting Period; (c) was operated by the same franchisee entity owner(s) during the entire Reporting Period; (d) provided to us their 2019 fiscal year unaudited financial statements. Of the 133 Studios operating, 75 Studios met all of the following criteria (“**Table 2 Reporting Criteria**”): each Studio (i) operated at least one full month prior to January 1, 2014; (ii) operated and offered products and services throughout the entire Reporting Period; (iii) was operated by the same franchisee entity owner(s) during the entire Reporting Period; (iv) provided to us their 2019 fiscal year unaudited financial statements. Table 1 Reporting Criteria and Table 2 Reporting Criteria are collectively referred to as the “**Reporting Criteria**”). All Studios that satisfied the applicable Reporting Criteria are included in these tables. The Studios that met the Table 2 Reporting Criteria also automatically met the Table 1 Reporting Criteria and so such Studios are included in the applicable Table 1A-1D and the applicable Table 2A-2D. In Tables 1A-1D and Tables 2A-2D, the Studios that met the Reporting Criteria are divided into quartiles (1st Quartile, 2nd Quartile, 3rd Quartile, and 4th Quartile) based on the Gross Sales achieved by the Studio during the Reporting Period, with “1st Quartile” being the top 25% of the Studios that met the Reporting Criteria that achieved the highest Gross Sales and “4th Quartile” being the bottom 25% of the Studios that met the Reporting Criteria and achieved the lowest Gross Sales during the Reporting Period.

3. “**Gross Sales**” means the entire amount of the sale price, whether for cash or credit (and regardless of collection in the case of credit), of all sales of products and services and all other receipts or receivables whatsoever of all business conducted at, in, upon or from the Studio, or revenues from any source arising out of the operation of the Studio and includes but is not limited to the selling price of gift certificates, scrip, coupons, services, property or other means of exchange and insurance proceeds for loss of profit or business or for damage to goods, but does not include (a) the amount of any sales tax or similar tax imposed by any federal, state, municipal or other government authority that the franchisee collects from clients and properly remits to the taxing authority; (b) all returns, refunds and allowances if any; (c) that part of the sales price satisfied by a deposit or gift certificate but only if the amount of the deposit or gift certificate has previously been included in the computation of Gross Sales.

4. The Cost of Goods numbers reported are based on each franchisee’s actual 2018 fiscal year unaudited financial statements submitted to us. “**Cost of Goods Sold**” includes all materials required to produce the products offered by the Studio including ink, laminate, media, and hardware, all purchases for resale, shipping and packing costs, and outsourced labor costs including vehicle installation services and outsourced graphic design work. Within this context, the extent to which the Studios disclosed above utilized outsourced labor for vehicle installation services, outsourced graphic design work, and other services may vary considerably throughout the System. Costs of Goods Sold does not include facility rent, utilities, labor, insurance, automobile-related costs, and advertising and promotional expenditures.

5. “**Gross Profit**” equals a Studio’s Gross Sales minus its Costs of Goods Sold.

6. “**Gross Margin**” equals a Studio’s Gross Profit divided by its Gross Sales, or the proportion of money left over from a Studio’s Gross Sales after accounting for the Cost of Goods Sold.

7. **“Total Expenses”** is a sum of all of the expense categories for a Studio as identified in Tables 1A-1D and Tables 2A-2D.
 - a. Bank and Other Charges category includes bank charges & credit card merchant fees, bad debt & write-offs, postage & courier, and professional services.
 - b. Travel/Meals/Charity expenses include charitable contributions, donations, meals & entertainment, miscellaneous overhead, and travel expenses.
 - c. Repairs/Maintenance/Miscellaneous Supplies include office supplies, repairs & maintenance - business & equipment, and tools & miscellaneous production supplies.
 - d. Uncategorized include business licenses, fees & files, dues and subscriptions, taxes/tax penalty fees, and other uncategorized expenses.
8. **“Net Operating Income”** equals a Studio’s Gross Profit minus its Total Expenses.
9. **“Net Operating Income Margin”** equals a Studio’s Net Operating Income divided by its Gross Sales.
10. **“Add Backs”** equal Amortization, Depreciation, Interest, and Owner’s Payroll
11. **“Owner’s Discretionary Profit (ODP) / EBITDA”** equals a Studio’s Net Operating Income plus its Add Backs.
12. **“ODP as a % of revenue”** equals a Studio’s ODP divided by its Gross Sales.

TABLE 3
SYSTEM WIDE GROSS SALES IN 2018 AND 2019

Table 3 presented below contains certain information related to total Gross Sales realized by all of our franchisees for the period beginning January 1, 2018 and ending December 31, 2018, and for the period beginning January 1, 2019 and ending December 31, 2019. The information and figures regarding Gross Sales presented in Table 3 below are based upon information reported to us by all SpeedPro franchisees whose Studios had been open for any period of time during the period beginning January 1, 2018 and ending December 31, 2018, and the period beginning January 1, 2019 and ending December 31, 2019. During such periods, all units offered the same or similar services. Please review the explanatory notes below.

2018 System Wide Gross Sales (136 Studios)	\$69,404,743
2019 System Wide Gross Sales (135 Studios)	\$74,260,008
Year over Year Growth in System Wide Gross Sales	6.5%

Notes to Table 3 above:

1. The term Gross Sales has the same definition in this Table 3 as that provided in the Notes to Tables 1A-1D and Tables 2A-2D.

TABLE 4
SAME STORES SALES FOR SUBSET OF STUDIOS IN 2016 AND 2017

The figures in Table 4 below summarize the 2018 and 2019 Average and Median Gross Sales of a subset of Studios in the System that satisfied our Table 4 Reporting Criteria (See note 1 below) during the period between January 1, 2019 and December 31, 2019 (the “**Table 4 Reporting Period**”). Please review the explanatory notes below.

2018 Average Gross Sales (111 Studios)	\$555,683
Number [and Percentage] of Studios at or above Average	45 [38%]
2018 Median Gross Sales	\$448,111
2018 Lowest and Highest Actual Gross Sales	\$68,246 - \$3,037,358
2019 Average Gross Sales (111 Studios)	\$603,897
Number [and Percentage] of Studios at or above Average	46 [38%]
2019 Median Gross Sales	\$476,670
2019 Lowest and Highest Actual Gross Sales	\$77,856 - \$2,976,778
Year over Year Growth in Same Studio Gross Sales	8.7%

Notes to Table 4 above:

1. As of December 31, 2019, we had 133 Studios operating in the System, of which 120 Studios met the Table 4 Reporting Criteria. As of December 31, 2019, we had 133 Studios operating, of which 120 Studios met all of the following reporting criteria (“**Table 4 Reporting Criteria**”): each Studio (a) operated throughout the entire Table 4 Reporting Period; (b) was operated by the same franchisee entity owner(s) during the entire Table 4 Reporting Period; and (c) submitted the required Gross Sales reports to us. All Studios that satisfied the Table 4 Reporting Criteria are included in this table.

2. The term Gross Sales has the same definition in this Table 4 as that provided in the Notes to Tables 1A-1D and Tables 2A-2D.

The following applies to all of the above tables:

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

We have written substantiation in our possession to support the information appearing in Tables 1A-1D, 2A-2D, 3, 4 and 5 within this ITEM 19. Such written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Franchisees or former franchisees listed in this Franchise Disclosure Document may also be a source of information. One franchisee was excluded from this Item 19 because it closed during the Reporting Period.

We recommend that you make your own independent investigation of the costs and expenses you will incur in operating your Studio to determine whether or not a Studio may be profitable for you. We further recommend that you consult with professional advisors before executing any agreement. Your accountant can help you develop your own estimated costs for your Studio.

A franchisee's ability to achieve any level of Gross Sales, Cost of Goods Sold, or Gross Margins from the sale of SpeedPro products and services will depend on these factors and others, including the franchisee's level of expertise, none of which are within our control.

You must receive approval from us before selling any product or service other than our authorized services or products. Therefore, your income from miscellaneous sources may not be similar to those of the Studios disclosed above.

Other than the preceding financial performance representation, SP Franchising LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Larry Oberly, 7000 S. Yosemite Street, Suite 100, Centennial, CO 80112, (844) 274-4784, the Federal Trade Commission, and the appropriate state regulatory agencies.

TABLE 5
AVERAGE AND MEDIAN CUSTOMER VALUE

The figures below in Table 5 include 109 Studios that satisfied our Table 5 Reporting Criteria (See note 1 below). During the period between January 1, 2019 and December 31, 2019 ("Table 5 Reporting Period") Specifically, the figures in these tables provide the average and median customer invoice, average and median number of invoices per customer and the average and median customer value during the Table 5 Reporting Period.

	Average	Number of Studios that Met or Exceed the Average	Median	Number of Studios that Meet or Exceed the Median
Customer Value for Table 5 Reporting Period	\$3,300	41	\$2,850	55

Notes to Table 5 above.

1. As of December 31, 2019, SP Franchising LLC had 133 Studios operating in the System. Of these 133 Studios 109 Studios met all of the following criteria ("Table 5 Reporting Criteria"): (a) was opened for at least two years or more as of December 31, 2019; and (b) used the CoreBridge Software System during the Reporting Period. All Studios that satisfied the Table 5 Reporting Criteria are included in this Table.

2. In calculating the average and median customer value for the Reporting Period, the lowest customer value was \$984 and the highest customer value was \$12,432.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

**Table One: Systemwide Outlet Summary
For Years 2017 to 2019**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2017	124	124	0
	2018	124	130	6
	2019	130	133	3
Company-Owned*	2017	0	0	0
	2018	0	0	0
	2019	0	0	0
Total Outlets	2017	124	124	0
	2018	124	130	6
	2019	130	133	3

**Table Two: Transfers of Outlets from Franchisees to New Owners
For Years 2017 to 2019**

State	Year	Number of Transfers
Arizona	2017	0
	2018	1
	2019	0
Arkansas	2017	0
	2018	0
	2019	0
California	2017	0
	2018	0
	2019	0
Colorado	2017	0
	2018	0
	2019	1
Delaware	2017	0
	2018	0
	2019	1
Georgia	2017	0
	2018	0
	2019	1
Illinois	2017	0
	2018	0
	2019	1

State	Year	Number of Transfers
Minnesota	2017	0
	2018	0
	2019	0
Maryland	2017	0
	2018	0
	2019	1
Nebraska	2017	0
	2018	0
	2019	0
New Jersey	2017	0
	2018	1
	2019	1
North Carolina	2017	0
	2018	0
	2019	1
Ohio	2017	0
	2018	0
	2019	1
Pennsylvania	2017	1
	2018	0
	2019	1
Texas	2017	0
	2018	0
	2019	0
Wisconsin	2017	0
	2018	0
	2019	1
TOTAL	2017	1
	2018	2
	2019	10

**Table Three: Status of Franchised Outlets
For Years 2017 to 2019**

State	Year	Outlets at Start of the Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Arizona	2017	6	0	0	0	0	0	6
	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
California	2017	17	0	1	0	0	0	16
	2018	16	0	0	0	0	1	15
	2019	15	0	0	0	0	0	15
Colorado	2017	5	1	2	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	1	0	0	0	0	5
Delaware	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Florida	2017	6	2	0	0	0	0	8
	2018	8	3	0	0	0	2	9
	2019	9	0	0	0	0	0	9
Georgia	2017	4	0	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Illinois	2017	4	1	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Indiana	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	1	0	0	0	1
Iowa	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Kansas	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Kentucky	2017	1	1	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Louisiana	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Termin- ations	Non- Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Maryland	2017	3	1	0	0	0	0	4
	2018	4	0	0	0	0	0	4
	2019	4	0	0	0	0	0	4
Massachusetts	2017	2	0	0	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Michigan	2017	1	0	1	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
Minnesota	2017	6	0	1	0	0	0	5
	2018	5	1	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Missouri	2017	3	0	1	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Nebraska	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Nevada	2017	0	0	0	0	0	0	0
	2018	0	1	0	0	0	0	1
	2019	1	0	0	0	0	0	1
New Hampshire	2017	1	0	0	0	0	0	1
	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
New Jersey	2017	7	0	0	0	0	0	7
	2018	7	0	0	0	0	0	7
	2019	7	0	0	0	0	0	7
New York	2017	5	0	0	0	0	0	5
	2018	5	0	0	0	0	0	5
	2019	5	0	0	0	0	0	5
North Carolina	2017	6	1	0	0	0	0	7
	2018	7	1	0	0	0	0	8
	2019	8	0	0	0	0	0	8
Ohio	2017	5	1	0	0	0	0	6
	2018	6	0	0	0	0	0	6
	2019	6	0	0	0	0	0	6
Oregon	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
Pennsylvania	2017	8	0	0	0	0	0	8
	2018	8	0	0	0	0	0	8
	2019	8	0	0	0	0	0	8

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Rhode Island	2017	1	0	1	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
South Carolina	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	1	0	0	0	0	2
Tennessee	2017	3	0	0	0	0	0	3
	2018	3	0	0	0	0	0	3
	2019	3	0	0	0	0	0	3
Texas	2017	13	1	1	0	0	0	13
	2018	13	2	1	0	0	2	12
	2019	12	0	0	0	0	0	12
Utah	2017	0	0	0	0	0	0	0
	2018	0	0	0	0	0	0	0
	2019	0	1	0	0	0	0	1
Virginia	2017	4	0	0	0	0	0	4
	2018	4	1	0	0	0	0	5
	2019	5	0	0	0	0	0	5
Washington	2017	3	0	1	0	0	0	2
	2018	2	0	0	0	0	0	2
	2019	2	0	0	0	0	0	2
Wisconsin	2017	1	0	0	0	0	0	1
	2018	1	0	0	0	0	0	1
	2019	1	0	0	0	0	0	1
TOTAL	2017	124	9	9	0	0	0	124
	2018	124	12	1	0	0	5	130
	2019	130	4	1	0	0	0	133

**Table Four: Status of Company-Owned Outlets
For Years 2017 to 2019**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlet at End of Year
Totals	2017	0	0	0	0	0	0
	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0

Table Five: Projected Openings As Of December 31, 2019

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Current Fiscal Year
California	1	1	0
Massachusetts	0	2	0
New Jersey	0	1	0
New York	0	2	0
Texas	0	1	0
Washington	0	1	0
TOTAL	1	8	0

A full list of our franchised outlets as of the end of the 2019 fiscal year is disclosed in **Exhibit G**. This list also identifies franchisees that were not yet operational at the end of the 2019 fiscal year.

Exhibit G also includes a table of those franchisees who had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement within the last fiscal year, or who have not communicated with us within 10 weeks of the date of this Franchise Disclosure Document.

During the last three years, some SpeedPro franchisees signed confidentiality clauses with us which restrict them from discussing with you their experiences as a franchisee in the System. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

We may periodically compensate our existing franchisees and third parties for referrals and/or for meeting with franchise candidates as permitted by applicable law.

ITEM 21 FINANCIAL STATEMENTS

Attached as **Exhibit C** to this Franchise Disclosure Document are our unaudited financial statements dated as of April 30, 2020, as well as audited financial statements for the fiscal years ended December 31, 2017, December 31, 2018 and December 31, 2019. Our fiscal year ends on December 31.

ITEM 22 CONTRACTS

The following agreements are attached as Exhibits to this Franchise Disclosure Document:

Exhibit Agreement

- B. Franchise Agreement and exhibits (including Guaranty, Consent and Agreement of Landlord, Authorization Regarding Electronic Remittance System, Conversion Addendum, and Acknowledgement Addendum)
- E. Confidentiality and Non-Competition Agreement
- F. General Release of Claims
- H. State Addenda to Franchise Agreement

**ITEM 23
RECEIPT**

The last two pages of this Franchise Disclosure Document are Receipt pages for you to sign acknowledging that you have received the information in this Franchise Disclosure Document. Please sign, date, and return one copy of the Receipt to us and keep the other copy for your files.

**Exhibit A
to SP Franchising LLC
Franchise Disclosure Document**

**DIRECTORY OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

**DIRECTORY OF STATE ADMINISTRATORS
AND AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Business Oversight One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 866-275-2677	Commissioner of Business Oversight 320 West 4th Street, Suite 750 Los Angeles 90013-2344 866-275-2677
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit G. Mennen Williams Building, 1 st Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 651-539-1600	Minnesota Commissioner of Commerce Same Address
NEW YORK	New York State Department of Law Investor Protection Bureau Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8000	Secretary of State of New York 99 Washington Avenue Albany, NY 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
RHODE ISLAND	Rhode Island Department of Business Regulation Securities Division John O. Pastore Center – Building 69-1 1511 Pontiac Avenue Cranston, RI 02920 401-222-3048	Director, Rhode Island Department of Business Regulation Same Address
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-4823	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219 804-371-9733
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8760	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 201 W. Washington Avenue, Suite 300 Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

**Exhibit B
to SP Franchising LLC
Franchise Disclosure Document**

FRANCHISE AGREEMENT



SP FRANCHISING LLC

FRANCHISE AGREEMENT

[FRANCHISEE NAME/ENTITY NAME]

SUMMARY PAGES

EFFECTIVE DATE:	_____
EXPIRATION DATE:	_____
TERM:	10 YEARS
FRANCHISEE(S):	_____
ADDRESS OF FRANCHISEE(S):	_____
TELEPHONE NUMBER:	_____
E-MAIL ADDRESS:	_____
STUDIO NAME:	_____
LOCATION ADDRESS:	_____
TERRITORY ZIP CODES:	_____
STUDIO WEBSITE:	_____
INITIAL FRANCHISE FEE:	\$49,900
START-UP FEE:	\$115,400
RENEWAL FEE:	\$10,000
ROYALTY FEE:	6% of Gross sales up to \$75,000; and 4% of Gross Sales from \$75,001 and greater.
MARKETING FUND FEE:	2% of monthly Gross Sales
INITIAL MARKETING FEE:	\$10,000
TRANSFER FEE:	\$15,000

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Appendix D - Authorization Regarding Electronic Remittance System

Appendix E - Start-Up Package

Appendix F- Conversion Addendum [**ONLY USE FOR CONVERSION FRANCHISE BUSINESS**]

Acknowledgement Addendum

SP FRANCHISING LLC FRANCHISE AGREEMENT

This Franchise Agreement is made as of the Effective Date (designated on the Summary Pages to this Agreement) by and between SP FRANCHISING LLC, a Delaware limited liability company with its principal business located at 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112 (“we” or “us”), and the franchisee identified on the Summary Pages whose principal business address is also designated on the Summary Pages (“franchisee” or “you”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions of this Agreement also apply to its owners.

RECITALS

A. We and our affiliates have developed a system for the development and operation of SpeedPro Imaging® studios that offer to the public premium large-scale printing and related services including removal, installation, consulting, site evaluation, graphic design, finishing and production services and that are identified by the Marks.

B. Our affiliate company, SP IP LLC (“SP IP”), owns the SpeedPro Imaging® trademark and other trademarks used in connection with the operation of a SpeedPro Imaging® Studio.

D. SP IP has granted to us the right to sublicense the right to develop and operate SpeedPro Imaging® studios.

E. You desire to develop and operate a SpeedPro Imaging® studio, and we, in reliance on your representations, have approved your franchise application.

In consideration of the foregoing and the covenants and consideration below, you and we agree as follows:

1. **DEFINITIONS.** For purposes of this Agreement, the terms below have the following definitions:

A. “Client Information” means contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, and all other information about any person or entity (1) included on any marketing or client list provided by us to you; (2) who has purchased or purchases services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any services; (3) for whom you provide services on our behalf or at our direction; and (4) if any of the foregoing is an entity, all employees of such entity.

B. “Control Person” means the individual who has the authority to, and does in fact, actively direct your business affairs in regard to the Studio, is responsible for overseeing the general management of the day-to-day operations of the Studio and has authority to sign on your behalf all contracts and commercial documents. The Control Person is identified on the Ownership and Management Addendum attached to this Agreement.

C. “General Manager” means you (if franchisee is an individual) or (if franchisee is an entity) the individual who (i) personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the Studio and (ii) meets our training requirements.

D. “Gross Sales” means the entire amount of the sale price, whether for cash or credit (and regardless of collection in the case of credit), of all sales of products and services (including removal, installation, consulting, site evaluation, graphic design, finishing and production services) and all other receipts or receivables whatsoever, whether by cash, credit, checks, gift certificates, scrip, coupons, services, barter, property, donations, sponsorships or other means of exchange, of all business conducted at, in, upon or from the Studio, or revenues from any source arising out of the operation of the Studio and includes but is not limited to the selling price of gift certificates, and insurance proceeds for loss of profit or business or for damage to goods, but does not include (i) the amount of any sales tax or similar tax imposed by any federal, state, municipal or other government authority that you collect from clients and properly remit to the taxing authority; (ii) all returns, refunds and allowances if any; (iii) that part of the sales price satisfied by a deposit or gift certificate but only if the amount of the deposit or gift certificate has previously been included in the computation of Gross Sales. Each charge or sale upon instalment or credit will be treated as having been received in full at the time such charge or sale is made, regardless of the time you actually receive payment.

E. “Marks” means the SpeedPro Imaging® trademark and service mark that has been registered in the United States and elsewhere, and the trademarks, service marks and trade names set forth on Appendix A, as we may modify from time to time, and the trade dress and other commercial symbols we authorize you to use in the operation of the Studio. Trade dress includes the designs, color schemes and image we authorize you to use from time to time.

F. “Principal Owner” means any person or entity who, now or hereafter, directly or indirectly, owns a 10% or greater interest in the franchisee when the franchisee is a corporation, limited liability company, partnership, or other entity. However, if we are entering into this Agreement totally or partially based on the financial qualifications, experience, skills or managerial qualifications of any person or entity who directly or indirectly owns less than a 10% interest in the franchisee, we have the right to designate that person or entity as a Principal Owner for all purposes under this Agreement. In addition, if the franchisee is a partnership entity, then each person or entity who now or hereafter is or becomes a general partner is a Principal Owner, regardless of the percentage ownership interest. If the franchisee is one or more individuals, each individual is a Principal Owner of the franchisee. Each franchisee must have at least one Principal Owner. Your Principal Owner(s) are identified on the Ownership and Management Addendum. Within 10 days from the date of any and every change in the identity and/or ownership holdings of the Principal Owners, you must update the Ownership and Management Addendum attached to this Agreement accordingly. As used in this Agreement, any reference to Principal Owner includes all Principal Owners.

G. “Studio” or “SpeedPro Imaging Studios®” means the studio you develop and operate pursuant to this Agreement.

H. “System” means the proprietary business system for the location, establishment, operation and promotion of SpeedPro Imaging Studios, which offer to the public premium large-scale printing and related services, including removal, installation, consulting, site evaluation, graphic design, finishing and production services which are identified by the Marks, and which are operated by us, our affiliates or franchisees pursuant to a valid license agreement. The distinguishing features of the System include, without limitation, a distinctive exterior and interior design, decor, color scheme, fixtures and furnishings, the Marks, and other standards, specifications, policies, procedures and

techniques that we have developed relating to the location, establishment, operation and promotion of Studios (including, without limitation required and recommended business practices; standards and specifications for Studio design and appearance; client service standards; sales techniques and procedures; and other management, operational and accounting procedures), techniques for creating, installing and applying large scale prints and reprographics, inventory and management control, procedures, training and assistance, and advertising and promotional programs, all of which may be changed, improved upon, and further developed from time to time.

2. GRANT OF LICENSE. The following provisions control with respect to the license granted hereunder:

A. License Grant; Authorized Location. We grant to you the right and license to establish and operate one SpeedPro Imaging® Studio identified by the Marks, to be located at the location designated on the Summary Pages (the “Authorized Location”). When a location has been designated by you and approved by us as provided in Section 2.B, it will become part of this Section 2.A as if originally stated. You acknowledge and agree that our approval of a site does not constitute a warranty of any kind, express or implied, as to the suitability of the site for your Studio and your acceptance of a franchise for the operation of a Studio at the Authorized Location is based solely on your own independent investigation. If an Authorized Location is not designated by you and approved by us within hundred and twenty (120) days from the date of this Agreement, we have the right to declare this Agreement null and void without any obligation to return any portion of the Initial Franchise Fee or any other amounts paid to us. You accept the license and undertake the obligation to operate the Studio at the Authorized Location using the Marks and the System in compliance with the terms and conditions of this Agreement. You do not have any right to sublicense or subfranchise the rights granted herein and do not have the right to operate more than one Studio.

B. Territory. You must locate and operate the Studio at an Authorized Location within the area identified on the Summary Pages (the “Territory”). If the Territory is not identified in the Summary Pages, the Territory will be determined by us and will be identified by contiguous zip codes surrounding the Authorized Location that include up to but not more than 7,000 businesses, as solely determined by us. We will notify you in writing of your Territory. There are no conditions for you to keep your rights to the Territory, such as minimum sales quotas. We have the right to review and modify your Territory at any time throughout the Term if the number of businesses in your Territory exceeds 7,000 business. The Franchise Agreement will be amended to reflect any changes to the change in the Territory. Franchisee hereby irrevocably appoints Franchisor as Franchisee’s attorney-in-fact for the purpose of executing an amendment to the Franchise Agreement solely to reflect changes to the Territory. There are no other circumstances that permit us to modify your territorial rights. To the extent that you and your affiliates are in compliance with the terms of this Agreement and any other agreements with us and our affiliates, we and our affiliates will not locate and operate or grant to anyone else a franchise to locate and operate a SpeedPro Imaging® Studio within the Territory so long as this Agreement is in effect, except as further provided in subsection 2.D.

C. Opening. You agree that the Studio will be open and operating within 180 days from the Effective Date, unless we authorize an extension in writing (such required date, the “Required Open Date”). If you fail to have your Studio open and operating by the Required Open Date, we may terminate this Agreement pursuant to subsection 13.B.2 without providing

you with an opportunity to cure and without us having any obligation to refund you any fees hereunder.

D. Nonexclusivity; Our Reservation of Rights.

(1) We (on behalf of ourselves and on behalf of any other entity which we may acquire, or be acquired by, or otherwise are or become affiliated with) retain all rights not expressly granted in this Agreement. For avoidance of doubt and without limiting the foregoing, the license granted to you herein does not include (a) any right to sell products or services identified by the Marks at any location other than the Authorized Location or through any other channels or methods of distribution, including the internet (or any other existing or future form of electronic commerce) as further described in Section 2.D.(4), (b) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution, or (c) any right to exclude, control or impose conditions on our development of future franchised, company or affiliate owned studios (1) under the Marks at any time outside of the Territory or (2) under different trade names and trademarks at any time whether inside or outside of the Territory. You acknowledge that the client service area or trade area of another SpeedPro Imaging® Studio may overlap with your Territory.

(2) Subject to the restrictions of Section 10.E, you may solicit business anywhere within the United States. You acknowledge and agree that we and other System franchisees may solicit business inside the Territory. Client preference will be a priority and you agree to operate in good faith with all other SpeedPro studios, subject to Section 10.E.

(3) You also acknowledge and agree that we and our affiliates have the right to operate and franchise studios or any other business for the same, similar or different products or services, both within and outside the Territory, under trademarks other than the Marks, without compensation to any franchisee. Outside of the Territory, we and our affiliates have the right to grant other franchises or develop and operate company or affiliate owned studios and/or otherwise offer, sell or distribute any products or services, including those associated with the System under the Marks or any other trademarks, service marks or trade names, all without compensation to any franchisee. In addition, we have the right to purchase or be purchased by, or merge or combine with, any businesses wherever located, including a business that competes directly with your Studio and is located within the Territory.

(4) Further, and as noted above, we and our affiliates have the right to offer, sell or distribute, within and outside the Territory, through any other (i.e., non-studio) distribution channel or method, any products or services associated with the System (now or in the future) and/or identified by the Marks, or any other trademarks, service marks or trade names, without compensation to any franchisee. The other distribution channels or methods include, without limitation, regional malls, special events, television, mail order, catalog sales, wholesale sale to unrelated retail outlets, or over the internet or any other form of electronic media (including social technology, social media, and social networking platforms). The Internet is a channel of distribution reserved exclusively to us, and you may not independently market on the Internet, conduct e-commerce or engage in social networking on the Internet using the Marks without our prior written approval. Notwithstanding the foregoing, we may authorize you to sell products or services on the Internet using our

e-Commerce site if you meet our then current conditions for participation in such program and you obtain our prior written approval.

3. TRADEMARK STANDARDS AND REQUIREMENTS. You acknowledge and agree that the Marks are SP IP's valuable property and SP IP has licensed the use of the Marks to us with the right to sublicense to others. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Mark Ownership. SP IP is the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the Studio and of the business conducted at the Authorized Location that is associated with or attributable to the Marks. Your use of the Marks will inure to SP IP's benefit. You may not, during or after the term of this Agreement, engage in any conduct, directly or indirectly, that would infringe upon, harm or contest our SP IP's rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Mark Use. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the Studio except those set forth in Appendix A or except as we otherwise direct in writing. You may use the Marks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in connection with the operation and promotion of the Studio and in association with products and services approved by us and that meet our standards or requirements.

C. Studio Identification. You must use the name SpeedPro Imaging® (or such other name that we specify) as the trade name of the Studio and you may not use any other mark or words to identify the Studio without our prior written consent. You may not use the phrase "SpeedPro" or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other similar entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we prescribe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in the Studio identifying you as a SpeedPro Imaging® franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the Studio and that the SpeedPro Imaging® Mark is owned by SP IP and your use is under a license we have issued to you. All your internal and external signs must comply at all times with our outdoor/indoor sign guidelines and practices, as they are modified from time to time.

D. Litigation. If any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any

such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must reimburse us for our fees and expenses.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time. Upon receipt of our notice to change the Marks, you must cease using the former Marks and commence using the changed Marks, at your expense within the timeframe we prescribe.

4. TERM AND RENEWAL. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is as set forth on the Summary Pages, and it commences on the Effective Date and expires on the Expiration Date noted on the Summary Pages, unless sooner terminated in accordance with Section 13.

B. Renewal Term and Conditions of Renewal. You may renew your license for one additional ten-year renewal term, provided that: (i) you have given us written notice of your decision to renew at least 6 months but not more than 12 months prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher/additional fees; (iii) you have complied, at your own cost, with the provisions of subsection 5.D regarding modernization and you perform any further items of modernization and/or replacement of the building, premises, trade dress, equipment and grounds as may be necessary for your Studio to conform to the standards then applicable to then-current image of SpeedPro studios (provided that the cost of such modernizations and/or replacements will not be less than \$10,000 or more than \$150,000); (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (v) if leasing the Studio premises (and not subject to relocation under (iii) above), you have renewed the lease and have provided written proof of your ability to remain in possession of the premises throughout the renewal period; (vi) you comply with our then-current training requirements; (vii) you pay us, at least 30 days prior to the end of the expiring term, a Renewal Fee, if applicable, in the amount identified in the Summary Pages; and (viii) you and your Principal Owners and guarantors execute a general release of claims in a form we prescribe. If you comply with the provisions in this Section 4.B. on the sixth month prior to the expiration of the term we will waive the Renewal Fee.

C. Interim Period. If you do not sign a franchise agreement for a renewal term prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating without a license to do so and in violation of our rights; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

5. FACILITY STANDARDS AND MAINTENANCE. You acknowledge and agree that we have the right to establish, from time to time, quality standards regarding the business operations of

Studios to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our quality standards and agree to the following terms and conditions:

A. Studio Facility; Studio Opening; Site Under Control. You are responsible for purchasing or leasing a site that meets our site selection criteria. We must approve the site. In seeking our approval, you must provide to us, within 60 days following the Effective Date, completed site selection reports for no less than three potential sites for the Studio, each of which shall comply with our site selection criteria. We or our regional developer or other designee may visit the three sites, at our election and our own expense, with you to assess the suitability of each site. If we reasonably determine that none of the sites visited are acceptable, then you must provide to us completed site selection reports for at least three additional potential sites. We or our regional developer or other designee may visit such additional sites, at our election and at your expense, with you to assess the suitability of such additional sites. Once we approve the site, a description of the site will be added to the Summary Pages, and such description will be considered the "Authorized Location" for all purposes in this Agreement. During the term of this Agreement, you may not use the Studio premises or Authorized Location for any purpose other than the operation of a SpeedPro Imaging® Studio in accordance with the terms of this Agreement. We make no guarantees concerning the success of the Studio located on any site to which we consent.

(1) You may not open your Studio for business until (i) you have obtained a certificate of occupancy for your Studio as well as all other necessary licenses and permits to operate your Studio, (ii) your Studio has been constructed, furnished, equipped, and decorated in accordance with our approved plans and specifications and you have otherwise satisfied your pre-opening obligations as set forth in subsections 5.A and 5.B, (iii) you have completed all required training to our satisfaction, (iv) you have paid in full the Initial Franchise Fee, the Start-Up Fee, the Initial Marketing Fee and any other amounts due to us or our affiliates, (v) you have furnished us with certificates of insurance and copies of all insurance policies (if we so request), and (vi) we have notified you in writing that we have approved your opening date. We are not responsible or liable for any of your pre-opening obligations, losses or expenses you might incur for your failure to comply with these obligations or your failure to open by a particular date. We also are entitled to injunctive relief or specific performance under subsection 12.B for your failure to comply with your obligations.

(2) If you plan to lease the Studio premises, your landlord must sign the Consent and Agreement of Landlord attached as Appendix C. We recommend you submit the Consent and Agreement of Landlord to the landlord at the beginning of your lease review and negotiation, although the terms of the document may not be negotiated without our prior approval. If the landlord requires us to negotiate the Consent and Agreement of Landlord, we reserve the right to charge you a fee, which will not exceed our actual costs associated with the negotiation. You must provide us a copy of the executed lease and the Consent and Agreement of Landlord within five days of execution. We have no responsibility for the lease; it is your sole responsibility to evaluate, negotiate and enter into the lease for the Studio premises.

(3) You must provide us an executed copy of your lease and the Consent and Agreement of Landlord, or the purchase agreement (as applicable), for the approved site for your Studio, within one hundred and twenty (120) days from the

Effective Date. If you fail to have your site “under control” (timely execute the lease or the purchase agreement) as required hereunder, we may terminate this Agreement without giving you an opportunity to cure pursuant to subsection 13.B.2.

B. Construction; Future Alteration. You must construct and equip the Studio in strict accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings and design and layout of the Studio. You may not commence construction of the Studio until you have received our written consent to your building plans; provided that compliance of such plans with all applicable laws and permits is solely your responsibility. If your Studio is not constructed strictly according to the previously consented building plans, we will not approve your Studio for opening. You will have 30 days from the date we deny our approval for opening your Studio to correct all the construction problems. If you fail to correct the problems within the 30-day period we may immediately terminate this Agreement pursuant to subsection 13. B.2. If the Studio opening is delayed for the foregoing reasons, you will be responsible for any losses and costs related to such delay.

Without limiting the generality of the foregoing, you must promptly after obtaining possession of the site for the Studio: (i) purchase or lease and then, in the construction of the Studio, use only the approved building materials, equipment, fixtures, furniture and signs; (ii) build out the site to a “white-box” format in full and strict compliance with plans and specifications we approve and all applicable ordinances, building codes and permit requirements without any unauthorized alterations; (iii) obtain all necessary permits, licenses and architectural seals and comply with applicable legal requirements relating to the building, signs, equipment and premises, including, but not limited to, the Americans With Disabilities Act; (iv) obtain and maintain all required zoning changes, building, utility, health, sign and business permits and licenses and any other required permits and licenses; (v) place or display at the Authorized Location only those signs, emblems, logos, and display materials authorized by us, and no others; (vi) ensure that the Studio site is open for deliveries on the dates specified by us and that you or another responsible individual is present to accept deliveries; and (vii) attend to the unpacking assembly and installation of all equipment, fixtures and supplies for the Studio, according to our layout and placement specifications; attend to completion of our checklist, noting any deficiencies or damaged items, and emailing the completed checklist to us; and notifying us of the completion of the required installations. It is your responsibility to comply with the foregoing conditions.

Any change to the building plans or any replacement, reconstruction, addition or modification in the building, interior or exterior decor or image, equipment or signage of the Studio to be made after our consent is granted for initial plans, whether at the request of you or of us, must be made in accordance with specifications we have approved. You may not commence such replacement, reconstruction, addition or modification until you have received our written consent to your revised plans.

Upon completion of the matters set forth in this Section, we will set a Grand Opening date (the “Grand Opening Date”). You will be required to open the Studio for business on the Grand Opening Date. We, our regional developer or our other designee, may be present at your Studio on the Grand Opening Date to assist you with the grand opening of your Studio. If you fail to open the Studio by the Grand Opening Date, we will have the right to terminate this Agreement pursuant to subsection 13.B.2 without you having an opportunity to cure and without us having any obligation to refund you any fees hereunder.

C. Maintenance. You must maintain the Studio in accordance with our standards. Without limiting the foregoing, you must maintain and refresh the building, equipment, fixtures, furnishings, signage and trade dress (including the interior and exterior appearance) used in the operation of your Studio in accordance with our requirements established periodically and any of our reasonable schedules prepared based upon periodic evaluations of the premises by our representatives. You must regularly replace worn out or obsolete fixtures, equipment and signs, and when necessary repair the interior and exterior, including, without limitation, periodically redecorate, renovate, and modernize. If at any time, in our reasonable judgment, the general state of repair, appearance or cleanliness of the Authorized Location does not meet our standards, we will notify you, specifying the action to be taken to correct such deficiency. You agree to make such capital expenditures as we may reasonably require. You acknowledge and agree that there is no monetary limit to such required expenditures. If you fail to take such action immediately after receipt of such notice, we may, without prejudice to any other rights or remedies, enter upon the Studio premises (without being liable to you for trespass or other tort) and have such repairs or maintenance performed at your sole cost and expense. You may not remove any equipment, inventory, products, supplies or other materials used in the operation of the Studio except in the normal course of business or as required for the maintenance/repair of equipment used in the Studio.

D. Modernization or Remodel. You agree that you will make such capital improvements or modifications necessary to modernize, redecorate and upgrade your Studio, including an upgrade of your equipment to reflect the current image of new SpeedPro Imaging® Studios as we reasonably request during the term of this Agreement (taking into consideration the cost of the modernization, the life expectancy of the equipment and the then-remaining term of this Agreement). Any Studio equipment upgrade investment will be not less than \$10,000 but not more than \$150,000. You must complete to our satisfaction any changes we require within a reasonable time, not to exceed six months from the date you are notified of any required changes. Except for transfers to family members or existing Principal Owners under Subsection 11.G, every other transfer of any interest in this Agreement or your Studio business governed by Section 11 and any renewal covered by Section 4 is expressly conditioned upon your compliance with these requirements at the time of the transfer or renewal.

E. Signage. You must display the Marks where and in the manner we require (including with respect to any vehicle wrap(s)), without the right to vary or alter the same in any manner whatsoever, and to erect and display any signs we supply to you. You will display our approved colors, decals and/or signs on all equipment used in the Studio and on all vehicles used in the business, as we may prescribe. We may modify our signage requirements from time to time due to modifications to the System, including changes to the Marks. You must make such changes to the signage as we require, within the time we require, at your own expense.

F. Relocation. You may not relocate the Studio outside of your current territory without prior written approval by us. Should you move your Studio outside your Territory without obtaining written approval from us, you will be in breach of your Agreement and subject to immediate termination without an opportunity to cure. Once approved, you may relocate to the approved location provided that all costs of such relocation will be borne by you, and you will immediately reimburse us for our costs incurred, including, without limitation, lease negotiation guidance costs, not to exceed \$1,000.

If your Studio is destroyed or damaged and you repair the Studio (rather than relocate the Studio), you must repair and reopen the Studio at the Authorized Location in accordance

with our then-current standards for the destroyed or damaged area within 120 days of the date of occurrence of the destruction or damage.

You do not have the right to relocate if you lose the right to occupy the Studio premises because of the cancellation of your lease due to your breach. The termination or cancellation of your lease due to your breach is grounds for immediate termination of this Agreement under subsection 13.B.2.

6. OPERATIONS STANDARDS AND REQUIREMENTS. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Approved Products and Services. You agree to honestly and diligently perform or cause to be performed in a timely fashion all obligations under this Agreement and any other agreement pertaining to the Studio and/or the Authorized Location. You must offer for sale from the Studio all approved products and services and only those products and services. We have the right to make modifications to approved products and services from time to time, and you agree to comply with such modifications. You may not offer or sell any other product or service at the Authorized Location without our prior written consent. You must ensure that clients are at all times offered high quality, efficient and courteous service, and will also ensure that the highest standards of honesty, integrity, fair dealings and ethical conduct are adhered to in all dealings with clients, suppliers and the public.

B. Operational Standards. You agree to operate the Studio in accordance with our standards described in our manuals or other written materials made available to you, which standards include, without limitation, standards relating to: (i) the quality of services and products offered; (ii) the timeliness of client interaction regarding response times, price quote turnarounds, work in process (WIP), and the timely delivery of products and services; (iii) the safety, maintenance, cleanliness, function and appearance of the Authorized Location and its fixtures, equipment and signs; (iv) the general appearance and professional behavior of you and of your employees, including clothing designed by us to be worn at all times during performance of business of the Studio; (v) the use of the Marks; (vi) the hours during which the Studio will be open for business; (vii) the use and retention of standard forms; and (viii) the use and illumination of signs, posters, displays, standard format and similar items. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The required standards generally will be set forth in the manuals or other written materials. The manuals also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You acknowledge having received access to the manual(s) on loan from us for the term of this Agreement. You acknowledge and agree that the manual(s) and other System communications may only be available on the internet or other online or computer communications. The manual(s) at all times are our sole property. You must at all times treat the manual(s), and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time

to time revise the contents of the manual(s) and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the manual(s) is kept current and up to date, and in the event of any dispute as to the contents of said manual(s), the terms of the master copy of the manual(s) that we maintain are controlling.

You acknowledge and agree that we have the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

C. Approved Supplies and Suppliers. We will furnish to you from time to time lists of approved supplies or approved suppliers. You must only use approved products, services, inventory, equipment, fixtures, furnishings, signs, advertising materials, trademarked items and novelties, and other items or services (collectively, "Approved Supplies") in connection with the design, construction and operation of the Studio as set forth in the approved supplies and approved suppliers lists, as we may amend from time to time. You acknowledge and agree that certain approved supplies may only be available from one source, and we or our affiliates may be that source. You will pay the then-current price in effect for all products and supplies that you purchase from us or our affiliates.

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We may require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will endeavor to notify you of our approval or disapproval of any proposed supplier within 30 days after we receive all necessary information to complete the inspection and evaluation process. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential. You may purchase any products or services for which we have not established designated sources from any supplier of your choice; however, the products and services must conform to our standards.

ALTHOUGH APPROVED OR DESIGNATED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO SERVICES, PRODUCTS, EQUIPMENT (INCLUDING, WITHOUT LIMITATION, ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS. IN ADDITION, WE DISCLAIM ANY LIABILITY ARISING OUT OF OR IN CONNECTION WITH THE SERVICES RENDERED OR PRODUCTS FURNISHED BY ANY SUPPLIER APPROVED OR DESIGNATED BY US. OUR APPROVAL OR CONSENT TO ANY SERVICES, GOODS, SUPPLIERS, OR ANY OTHER INDIVIDUAL, ENTITY OR ANY ITEM SHALL NOT CREATE ANY LIABILITY TO US.

D. Computer System. You must purchase and/or lease, at your own cost, and use any computer system that we develop or select for the Studio, and promptly implement (no later than within 90 days after notice from us), at your own cost, all future updates, upgrades, supplements, replacements and modifications thereto as we may require (the "Computer System"). The Computer System includes hardware (purchased by you at your own cost) and

software used in the operation of the Studio, including workflow and customer relationship management software, Point-of-Sale (POS) systems, design and RIP software, five e-mails, and back office programs used to record, analyze and report sales, labor, inventory, profit and loss, and tax information. You are solely responsible to comply with all laws applicable to the POS System and other technology used in the operation of your Studio, including all data protection or security laws as well as PCI (payment card industry) compliance. The computer software package developed for use in the Studio may in the future include proprietary software. You may be required to license the proprietary software from us, an affiliate or an approved supplier and you also may be required to pay an additional software licensing or user fee in connection with your use of the software. All right, title and interest in the software will remain with the licensor of the software. The computer hardware component of the Computer System must conform to the specifications we develop. We reserve the right to designate a single source from whom you must purchase or lease the Computer System.

You must promptly enter into, and maintain in, the Computer System all information that we require to be entered and maintained. You acknowledge and agree that we will have complete access to all information and data entered and produced by the Computer System. You must, at all times, have at the Authorized Location internet access from an approved supplier with a form of high-speed broadband internet connection at our then-current minimum bandwidth specification and you must maintain, from an approved supplier: (i) an email account for our direct correspondence with you; and (ii) a separate email account for the Studio.

You may not install or use on the Computer System any devices, software or other programs not approved by us. We may require you to maintain a contract with an approved supplier (which may be us or our affiliate) for software support services and you may be required to pay fees for such support. Notwithstanding the foregoing, we have no obligation to provide any Computer System support services to you. You are solely responsible for the manner in which the Computer System interfaces with other systems, including our systems and other third-party systems, as well as any and all consequences that may arise if the Computer System is not properly operated, maintained, and upgraded.

If you are in default under this Agreement due to a failure to pay, provide required reports, or otherwise comply with our System standards, and you fail to cure the default as provided in Section 13, in lieu of exercising our right to terminate this Agreement, we may, in our sole discretion, instead elect to suspend your access to our intranet site, take offline your Studio website, remove you from any system-wide email distribution lists including our distribution list for system-wide financial statement benchmarking studies that we may provide to our franchisees, or we may turn off your Computer System or other software systems.

E. Client Information and Other Data. We own all data provided or collected from the Computer System, including all Client Information and we may use such data, including the Client Information, as we deem appropriate, subject to applicable law, without compensation to you, including sharing it with our affiliates for cross-marketing or other purposes, disclosing or distributing such data to other SpeedPro Imaging franchisees or prospective franchisees, or the disclosure of such information to prospective SpeedPro Imaging franchisees by inclusion (aggregated with other franchisee data) in our franchise disclosure document or otherwise. You may only use Client Information to the extent necessary to perform your obligations under this Agreement during the term hereof and subject to such restrictions as we may from time to time impose and in compliance with all data privacy, security and other applicable laws. Without limiting the foregoing, you agree to

comply with applicable law in connection with your collection, storage and your use and our use of such Client Information, including, if required under applicable law, obtaining consents from clients to our sharing of the Client Information as contemplated hereunder. You must comply with all laws and regulations relating to data protection, privacy and security, and must comply with any data protection, privacy and security policies including data breach response policies we may periodically establish as further set out in Section 6.O. You must notify us immediately of any suspected data breach at or in connection with the Studio.

F. Working Capital. You must maintain adequate working capital (which initially will) be not less than fifty thousand Dollars (\$50,000.00) (unless we agree in writing to a different amount) in the Studio business to enable you to properly and fully carry out all obligations as they come due and must maintain all accounts from us and your suppliers at a current level.

G. Evaluations. We and/or the Regional Developer in your area have the right to enter your Studio at all reasonable times during the business day, without prior notice, for the purpose of making periodic evaluations and to ascertain your compliance with the provisions of this Agreement, to inspect and evaluate your building, fixtures, furnishings and equipment, and to test employees as to their knowledge and performance of the duties required to be performed by them, and to determine the availability and delivery of services and products. You or your Control Person must cooperate with our authorized representative in the creation, modification and in keeping current of all financial analysis, benchmarking forms, business planning documentation and goal setting procedures as defined in the manuals. We and our representatives also have the right to interview you, your employees and subcontractors, marketing contacts and clients pertaining to matters of compliance with this Agreement and the System and to photograph, videotape or audiotape any such interviews and/or observation/inspection of the operation of the Studio with or without your knowledge and without prior notice to you. You and your employees must cooperate with any such inspection and you hereby consent to our use of any such audio or video recording for training, marketing or any other purpose. You or your Control Person (if you are an entity) must be present and cooperate with us during all scheduled field visits by our representatives to the Studio. Our inspections and evaluations may include a “mystery shopper” program. We may hire various vendors who send the “mystery shoppers” into the SpeedPro Imaging® studios. If you fail an evaluation by us or by a mystery shopper or if we receive a specific client complaint, you must pay for the mystery shopper(s) we send to your Studio until the issue is resolved to our satisfaction. The current fee charged by the vendors is approximately \$200 per visit, which you must pay directly to the vendor. If at any time the general state of repair, appearance of cleanliness of the Studio location does not meet our standards, we will notify you and ask you to cure the deficiency. If you fail to cure the deficiency, we may enter onto the Studio premises and have the repairs or maintenance performed at your expense. Any evaluation or inspection we conduct is not intended to exercise control over your day-to-day operation of the Studio or to assume any responsibility for your obligations under this Agreement.

H. Confidential Information. You, the Principal Owners, the General Manager, your guarantors, officers, directors, members, managers, partners, employees or agents, and any other individual or entity related to, or controlled by, you, may not, during the term of this Agreement or thereafter, disclose, copy, reproduce, sell or use any Confidential Information in any other business or in any manner not specifically authorized or approved in advance in writing by us. For purposes of this Agreement, “Confidential Information” means the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures and/or improvements regarding our business that is valuable and secret in the

sense that it is not generally known to our competitors and any proprietary information contained in the manuals or otherwise communicated to you in writing, verbally or through the internet or other online or computer communications, including training video materials, and any other knowledge or know-how concerning the methods of operation of the Studio, as well as the contents of this Agreement and any other document executed in connection with this Agreement. Any and all Confidential Information, including, without limitation, products, services, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the Studio during the term of this Agreement. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, the Principal Owners, the General Manager and other key employees. You must provide executed copies of these agreements to us upon our request. Notwithstanding the foregoing, you are authorized to disclose the terms of this Agreement to any lender providing you financing for the Studio as well as to your landlord.

You acknowledge that we may from time to time be required or find it necessary to disclose to third parties certain information about you and/or your Principal Owners, including personally identifiable information such as names, addresses, and telephone numbers, and information we collected under this Agreement. You hereby consent to our collection, use, and disclosure of any information pertaining to the Studio (including personally identifiable information of you and/or your Principal Owners) for our reasonable business purposes and for any purpose described in our privacy policy (as may be amended from time to time), subject to the limitations of this paragraph and applicable law. Without limiting the foregoing, you hereby consent to: (i) the collection, use and disclosure of any information about you and/or your Principal Owners (including personally identifiable information) to develop, modify, and enhance the System, to conduct credit checks or other personal history investigations, to develop general franchisee profiles, to comply with federal and state franchise disclosure and/or registration laws, and to otherwise comply with any applicable law; (ii) the transfer of any information (including personally identifiable information) to any third party in order for us to fulfill our obligations under this Agreement or attempt to obtain any benefit for us, you, or the System as a whole; and (iii) the release to your landlord, lenders or prospective landlords or lenders, of any financial or operational information relating to you and/or the Studio (without obligating us to do so). We will protect your and your employees' personally identifiable information in accordance with applicable law. If we disclose your financial information in a franchise disclosure document, we will not identify you or disclose any of your personally identifiable information in connection with the financial information. As used herein, "Personally identifiable information" means any information about a person that can be used to uniquely identify, contact or locate the person.

I. Participation in Internet Websites or Other Online Communications. You must, at your expense, participate in our SpeedPro Imaging® website on the internet, our intranet system and/or other online communications as we may require. We have the right to determine the contents and use of our website and intranet system and will establish the rules under which franchisees may or must participate. You may not separately register any domain name containing any of the Marks nor participate in any website that markets goods and services similar to a SpeedPro Imaging® Studio. Before using any domain name and/or URL, you must submit, for our approval your proposed domain name and/or URL. Upon our approval of your domain name and/or URL we will register the domain name and/or URL and license to you the right to use the domain name and/or URL for your Studio. We may require you to change your domain name and/or URL at any time. You may not use or reference the Marks in any online communication or website (including, without limitation, all current and future social media platforms) without our prior approval. We retain all rights

relating to our website and intranet system and may alter or terminate our website or intranet system. Your general conduct on our website and intranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet system, or otherwise use the Marks or System on the internet or other online communications, will terminate when this Agreement expires or terminates.

J. Phone Service. You must maintain at least one dedicated telephone line for use exclusively by the Studio. Each telephone line must have service features that we may require in the manuals or otherwise communicate to you from time to time. We may require you to provide a full-time employee or answering service to answer your telephone during regular business hours. All lines must be operational and functional before opening the Studio and thereafter at all times during the term of this Agreement. The telephone number for the Studio must be listed in a white-pages telephone directory under the Marks and the current address of your approved business location.

K. Delivery Vehicles. Prior to opening the Studio, you must purchase or lease, at your own expense, a designated delivery vehicle for the Studio acceptable to us, to which you must affix the signage we specify, in the manner in which we specify and in accordance with our then-current brand standards as set forth in the manuals. You will be required to update such vehicle signage/wrap every three (3) years at your sole expense during the term of this Agreement.

L. Compliance with Law: Licenses and Permits. You must at all times maintain your premises and conduct your Studio operations in compliance with all applicable laws, regulations, codes and ordinances, including all governmental regulations relating to occupational hazards and health and workers' compensation insurance, unemployment insurance, and the withholding and remittance of federal and state income taxes and sales taxes and any other taxes imposed in connection with your Studio operations. You must secure and maintain in force all required licenses, permits and certificates relating to your Studio.

You acknowledge that you are an independent business and responsible for control and management of your Studio, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters, as the sole power, responsibility and liability for such matters rest exclusively with you.

You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your Studio.

M. Suggested Pricing Policies. We may, from time to time, make suggestions to you with regard to your pricing policies. Any list or schedule of prices we furnish to you may, unless otherwise specifically stated, be treated as a recommendation only and failure to accept or implement any such suggestion will not in any way affect the relationship between you and us. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law. You agree to participate and report the results of a local pricing analysis no less than once every two years

N. Innovations. All ideas, concepts, techniques, or materials concerning the Studio, whether or not protectable intellectual property and whether created by or for you or one of your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you hereby assign and must assign ownership of that item, and all related rights to that item, to us and must take whatever action, and require your owners or employees to take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

N. Compliance with Data Protection and Privacy Laws. In the operation of the Studio you will receive “Customer Data.” “Customer Data” is information, records, lists or data that contains “Personal Information.” “Personal Information” includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained or generated in the operation of the Studio, including through the use of a point of sale system.

You agree, at your sole cost and expense, to at all times (a) comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operations Manual and this Franchise Agreement, including all policies, procedures and controls that we implement now or in the future; (b) comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, “Privacy Laws”); (c) assist and otherwise cooperate with us to ensure our and your compliance with applicable Privacy Laws; (d) promptly notify[us in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. You will assist and otherwise cooperate with us to investigate any such Security Incident and will take all required steps, as determined by us to remedy your noncompliance with applicable Privacy Laws, this Franchise Agreement or the Operations Manual. For purposes of this Section 6.O., “Security Incident” means any actual or suspected accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operations Manual; (e) promptly provide us with the ability to delete, access or copy Customer Data in your possession or control; (f) promptly notify us of any request regarding Customer Data received by you from a “consumer” as defined by applicable Privacy Laws; (g) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that enable you to respond, and to cause your agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request; (h) adopt policies, procedures, and controls, including those set out in the Operations Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. You will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Franchise Agreement and the Operations Manual; and (i) maintain Customer Data in confidence in accordance with Section 6.H. of this Franchise Agreement.

You agree to never sell, disclose, release, transfer, make available, divulge or use the Customer Data, or derivatives thereof for your benefit or for the benefit of a third party, nor for

any commercial purpose, other than to operate the Studio. Notwithstanding anything to the contrary you will not disclose, release, divulge, or otherwise make Customer Data available to third parties except to the extent such access is strictly necessary to achieve a business purpose for the benefit of the Studio and only if such third party recipient is contractually bound to comply with data protection provisions no less restrictive than those set out in this Agreement and the Operations Manual, including an agreement to comply with applicable Privacy Laws.

At our instruction, you will de-identify, delete or destroy Customer Data and will provide us written confirmation that such actions are completed within 10 days of our instruction. You will also indemnify and hold us harmless from any violations of applicable Privacy Laws or this Section 6.0 of the Franchise Agreement by you, any contractor or subcontractor, employee, affiliate or other third party to whom you have sold, disclosed, released, transferred, made available, divulged or otherwise permitted to access Customer Data. This indemnification obligation will survive termination or expiration of the Franchise Agreement.

7. PERSONNEL AND SUPERVISION STANDARDS. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision. You, or if you are a legal entity, then a qualified, trained General Manager, must at all times directly supervise the Studio or, when you or such General Manager is absent due to illness, vacation or other similar cause, this supervision will be performed by another trained and competent employee of yours. If you own multiple SpeedPro studios under multiple franchise agreements with us, you must ensure that each SpeedPro studio has a dedicated sales person. You must provide us with originally executed non-competition and non-disclosure agreements (in the form we specify from time to time) signed by all of your employees with access to any Confidential Information. You (or your General Manager) must devote best efforts to the Studio on a full-time basis and continuously promote and enhance the Studio, including, without limitation, the utilization of all marketing programs, methods, and materials in the manner we prescribe.

B. Training. You must, at your expense, comply with all of our training requirements. Before the Studio opens for business, we and/or our representatives will provide, at our headquarters, and you (or your general manager) must successfully complete, our initial training program. If you are given notice of default under subsection 13.A or B and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require, as a condition of curing the default, that you and/or general manager, at your expense, comply with the additional training requirements we prescribe. Under no circumstances may you permit management of the Studio's operations by a person who has not successfully completed all training we require.

C. Ongoing Training. You and such of your employees as we may from time to time require must, upon our notice, attend and complete all required re-training and refresher courses or programs which we and/or our regional developers or other designees may conduct from time to time. Except as provided in Section 7.E below, we will not charge a fee for trainings conducted at our designated training facility, but fees will be assessed for trainings conducted at your Authorized Location. In addition, you will be responsible for your own expenses and those the salary and expenses, including travel, meals and lodging, incurred by your trainees.

Any training provided by us to any of your employees will be limited to training or guiding the employees regarding the delivery of approved services to clients in a manner that reflects the client service standards of the SpeedPro System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your employees. You are solely responsible for ensuring that your employees receive adequate training.

D. Staffing. You must employ a sufficient number of competent and trained employees to ensure efficient service to your clients and to secure new clients in accordance with the standards set forth in the manuals. It is your responsibility to ensure that your employees are properly trained in the operation of the SpeedPro System and production services of your business. To this end, you will implement our training program using training aids designated from time to time by us. You will not employ or continue to employ any person who fails or refuses to successfully complete such training program. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever, and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us.

E. Attendance at Meetings. You must attend, at your expense, any annual franchise convention we may hold or sponsor. You and certain of your employees must attend, at your expense, any meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences, as more particularly set forth in the operations manual(s). We reserve the right to charge you our then-current fee to attend any such franchise conventions, meetings, programs or other trainings, and we may collect such a fee from you whether you attend or not. The current fee for our annual convention is \$275, but we may increase the fee in the future, not to exceed \$750. Nothing in this Agreement is intended to require us to hold any annual conventions or other meetings.

8. ADVERTISING. You agree to actively promote your Studio, to abide by all of our advertising requirements and to comply with the following provisions:

A. Marketing Fund. Recognizing the value of advertising and marketing to the goodwill and public image of SpeedPro Imaging studios, we have established and administer and control a marketing fund (the "Fund"). You are required to contribute each month to the Fund by paying us a Marketing Fund Fee as set forth in subsection 8.A. All Marketing Fund Fees are placed in the Fund that we own and manage. On behalf of our company and affiliate owned studios, we pay the same Marketing Fund Fee as similarly situated franchised Studios in the same local marketing area. All sums paid to the Fund will be maintained in a separate account from our other funds. The Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Fund; provided, however, we make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We use the Fund to conduct regional and/or local advertising and fund mechanisms that assist in creating those advertising, marketing and promotional programs. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, promotions, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each Studio or in each market. We have the right to make disbursements from the Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, sales, social media, advertising and promotional campaigns. Without limiting the generality of the foregoing, the Fund may be used for the following purposes: (1) salaries, benefits and any other payments made to employees

or any other individual or entity providing services to the Fund, and administrative costs, salaries and other expenses for marketing support personnel and operating expenses; (2) broadcast, digital, on-line, print or other advertising; (3) the creation, development and production of advertising and promotional materials (*i.e.*, print ads, radio, film and television commercials, digital assets, videotapes, direct mail pieces and other print advertising); (4) any marketing or related research, surveys and development (e.g., innovation, technology, and so on) including software for the collection of client reviews, testimonials and recommendations; (5) advertising and marketing expenses, including product research and development, services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, client incentive programs, sponsorships, marketing meetings and sales incentives, development and operation of our website, social media, and intranet system, internet access provider costs, subscriptions to industry newsletters or magazines, and other marketing related expenditures we specify; and (6) lead generation activities including but not limited to outsourced or in house call center personnel, dedicated or outsourced sales professionals or other individuals and programs. If requested, we will provide you an annual unaudited statement of the financial condition of the Fund. We will not use any of the advertising funds for the solicitation of franchise sales, but any marketing materials we produce may designate "Franchises Available." The Fund may borrow from us or other lenders to cover deficits or invest any surplus for future use on any terms that we determine. We may reimburse us or other lenders for such loans from the Fund. We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly or on a pro-rata basis. We do not assume any direct or indirect liability or obligation to you for collecting amounts due to the Fund. We will not be liable for any act or omission with respect to the Fund, including but not limited to maintaining, directing or administering the Fund or any other advertising account. No action taken by us shall diminish your obligation to pay the Marketing Fund Fee. You agree that your rights and both your and our obligations with respect to the Fund and all related matters are governed solely by this Agreement. We may terminate the Fund in our sole discretion. Any amounts that remain in the Marketing Fund at the end of each calendar year accrue and may be applied toward the next year's expenses. We assume no direct or indirect liability or obligations to you for collecting amounts due to any advertising account. We will not be liable for any act or omission with respect to the Marketing Fund, including but not limited to, maintaining, directing or administering the Marketing Fund or any other advertising account

B. Approved Materials. You must maintain an adequate supply of brochures, pamphlets and special promotional materials and all other advertising materials that we specify. You must use only such advertising materials (including any print, radio, television, electronic, or other media forms that may become available in the future) as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. Furthermore, any promotional activities you conduct in the Studio or on its premises are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials or media and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks. If you have not received our written (including via email) disapproval of the materials within 10 days from the date we received such materials, the materials will be deemed approved. We may require you (in writing) to withdraw and/or discontinue the use of any promotional or advertising materials, even if previously approved, if in our judgment, such materials may be harmful to the System. You must withdraw and discontinue use of such materials within 5 days of our notice unless we designate a longer time period in our communication. All materials containing our Marks or other intellectual property must include the applicable designation - service marksm, trademarktm, registered ® or copyright ©, or any other designation we specify.

C. Participation in Certain Programs and Promotions. You must participate in all required advertising and promotional programs we establish.

9. FEES, REPORTING AND AUDIT RIGHTS. You must pay the fees described below and comply with the following provisions:

A. Initial Franchise Fee. You must pay to us, in certified funds, a nonrefundable Initial Franchise Fee in the amount set forth in the Summary Pages. The Initial Franchise Fee, payable in full on the date you sign this Agreement, is earned upon receipt and is in consideration for our expenses incurred and services rendered in granting you the franchise rights.

B. Start-Up Fee. You must pay to us, in certified funds, the Start-Up Fee, in the amount set forth in the Summary Pages. The entire Start-Up Fee will be due and payable at the earlier of (a) 90 days after you sign the Franchise Agreement; or (b) the date you sign a lease for the Authorized Location. The Start-Up Fee is considered fully earned and non-refundable upon payment. In consideration for the Start-Up Fee, we will provide you a package of equipment, software, hardware, office furniture and suppliers that you will need for the operation of the Studio (the "Start-Up Package"). The contents of the Start-Up Package are listed on Appendix E attached hereto.

C. Initial Marketing Fee. Simultaneously with the Start-Up Fee payment, you must pay us a non-refundable Initial Marketing Fee in the amount set forth in the Summary Pages, for which we will provide you with advertising and marketing campaign services.

D. Royalty Fee. During the term of this Agreement and in consideration of the rights granted to you, you must pay to us a monthly Royalty Fee, no later than the seventh (7th) day following the end of the month for which the Royalty Fee is calculated. During the initial term of this Agreement, the Royalty Fee shall be equal to the monthly Royalty Fee set forth below. The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term.

Gross Sales Range:	Your Royalty Fee
\$0 - \$75,000	6.0%
\$75,001 and greater	4.0%

E. Marketing Fund Fee. In addition, simultaneously with the Royalty Fee payments, you must pay to us a monthly Marketing Fund Fee in an amount equal to 2% of Gross Sales (the "Marketing Fund Fee"). The Marketing Fund Fees are not held by us in trust and become our property to be spent in accordance with Section 8.A.

F. Technology Monthly Fees. At the time you pay the Royalty Fees described in subsection 9.D, you will pay each month our then current technology monthly fees ("Technology Monthly Fee") for technical support, updates and upgrades to our designated Software System, which you are required to use in your Studio. We may increase the monthly Technology Monthly Fee upon 60 days prior notice to you; provided that, the Technology Monthly Fee will not be increased by more than 10% in any given calendar year.

G. Computations and Remittances. Except for the Initial Franchise Fee, the Start-Up Fee and the Initial Marketing Fee, you must compute all amounts due and owing at the end of each month's operation and remit the amounts to us on or before the 7th day of the

following month, accompanied (or preceded, as applicable) by any reports we may require under subsection 9.J. We reserve the right to change the reporting deadline for any or all amounts. You must certify the computation of the amounts in the manner and form we specify, and you must supply to us any supporting or supplementary materials as we reasonably require for us to verify the accuracy of remittances. You waive any and all existing and future claims and offsets against any amounts due under this Agreement, which amounts you must pay when due. We have the right to apply or cause to be applied against amounts due to us or any of our affiliates any amounts that we or our affiliates may hold from time to time on your behalf or that we or our affiliates owe to you. Further, if you are delinquent in the payment of any amounts owed to us, we may require you to prepay estimated Royalty Fees and Marketing Fund Fees.

If the Gross Sales Report has not been received by us when due, then we may process an EFT for the Royalty Fee, the Marketing Fund Fee and any other fee due hereunder that is determined as a percentage of Gross Sales for the month (i) based on (a) information regarding your Gross Sales for the preceding month, (b) the most recent Gross Sales Report provided to us by you, or (c) Gross Sales data we pull from your Computer System, or (ii) we may withdraw \$1,000 from your bank account as estimated fees due hereunder; provided that if we receive the Gross Sales Report after we process the electronic funds transfer ("EFT") and the Gross Sales Report reflects (a) that the actual amount of the fees due was more than the amount of the EFT processed by us, then we shall be entitled to withdraw additional money through EFT from your designated bank account for the difference; or (b) that the actual amount of the fees due was less than the amount of the EFT processed by us, then we shall return the excess amount to you within five business days of notice by you or discovery by us if the excess is greater than \$150, but if the excess withdrawn by us is \$150 or less, then we will credit the excess amount to the payment of the next fees due.

H. Electronic Transfer of Funds. You must sign an ETF authorization, attached as Appendix D, to authorize and direct your bank or financial institution to transfer electronically, on a monthly basis, directly to our or our affiliate(s) account and to charge to your account all amounts due to us and/or our affiliate(s). You must maintain a balance in your account sufficient to allow us and our affiliate(s) to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this subsection.

I. Interest Charges; Late Fees. For each delinquent report or payment that you owe to us and/or our affiliate(s) under this Agreement, you must pay a service charge of 20% to us and/or our affiliate(s) based on the overdue amount, subject to applicable law. Additionally, any and all amounts that you owe to us will bear interest at the rate per annum of 18% or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the date due; or (ii) there are insufficient funds in your bank account to collect the total payment by a transfer of funds on or after the date due. In addition, you will not have access to advertising funds or other programs until all Royalty Fee and other remittances to us are current. The acceptance of any interest or late fee payment will not be construed as a waiver of our rights in respect of the default giving rise to such payment and will be without prejudice to our rights to terminate this Agreement in respect of such default.

J. Financial Planning and Management. You must record daily all sales (whether for cash or credit) through our designated software system (currently Corebridge) and you must report those sales to us on a monthly basis. In addition, all sales must be synced through

our benchmarking and reporting system, if any. Should any of the sales reports you provide not match, we will apply the royalty fee percentage to the reported gross sales figure with the highest number. You must keep true and accurate books and records at the Authorized Location. You must compile, keep and submit to us the books, records and reports on the forms, in the manner and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your Studio must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media format and methodology we specify and provide us with electronic access to these records. All books, records and reports for your Studio must be preserved and retained for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your Studio.

K. Reports and Audit. By the seventh (7th) day of each month (or the next business day if any such day is not a business day), you must provide us with a report of Gross Sales for the preceding month ("Gross Sales Report"). We may require that you submit additional reports, including, but not limited to, the following information: (i) amount of gross receipts of the Studio, amount of sales tax and the computation of the Royalty Fee and Marketing Fund Fee; (ii) quantities of products purchased and the sources from which each were obtained; (iii) copies of your most recent sales or other tax returns, monthly cash and credit sales summary or details and monthly balance sheet and statement of profit and loss, including a summary of your costs for utilities, labor, rent and other material cost items, and aged listing of accounts receivable and accounts payable; and (iv) if requested by us to verify your Gross Sales, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us, within 90 days after the end of each fiscal year, a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year, setting forth in each case in comparative form the corresponding figures for the same period in the previous fiscal year, prepared on an accrual basis including all adjustments necessary for fair presentation of the financial statements, including a supplemental schedule of revenue and expenses prepared in the format we require, in accordance with generally accepted accounting principles, compiled by a certified public accountant. We may require that the annual financial statements be reviewed or audited by a certified public accountant. You must certify all reports to be true and correct. You must submit to us all reports by the dates and in the form and content as we require. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the Studio are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers and vendors. If any evaluation or audit reveals any understatement of your Gross Sales, Royalty Fees, or Marketing Fund Fees in any month by an individual or combined total of two percent (2%) or more from data reported to us, then, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs, including, but not limited to, related professional fees, travel, and room and board expenses. Furthermore, we may conduct additional periodic audits and/or evaluations of your books and records, at your sole expense, as we reasonably deem necessary. You acknowledge and agree that if you intentionally understate or under report Gross Sales, Royalty Fees or Marketing Fund Fees or if a subsequent audit or evaluation conducted within a 3-year period reveals any understatement or a variance of these fees by an individual or combined total of two percent (2%) or more, in addition to any other remedies provided in this Agreement, at law or in equity, we have the right to terminate this Agreement in accordance with Subsection 13.B.2. To verify the information you supply, we have the right

to reconstruct your sales through the inventory extension method or any other reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance. You must fully cooperate with us or our representative in performing these activities and any expenses incurred by us, including the use of third-party auditors and investigators, shall be reimbursed by you.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding or in a manner as set forth in subsection 11.D.9 or where your information is grouped with similar information from other Studios to produce shared results including without limitation high-low ranges or average or median gross sales or expenses on a system-wide or regional basis. We may use this grouped information in our franchise disclosure document in accordance with franchise laws and regulations.

L. Insurance Premium Charge; Insurance Admin Fee. We may require you to purchase your required insurance from our designated supplier and pay the insurance premium charges directly to us or our designated supplier. If we require you to use our designated supplier for your required insurance, you will pay us an insurance admin fee to administer the insurance program.

M. Vehicle Template Library License Fee. If you elect to use our vehicle template library, you will pay us the then current license fee.

10. YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all amounts required to discharge all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the Studio; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the Studio business. If you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree to reimburse us promptly on demand for any such payment.

B. Indemnification. You hereby waive all claims against us for damages to property or injuries to persons arising out of the operation of your Studio. You agree to fully protect, indemnify and hold us and our owners, directors, officers, insurers, successors and assigns and our affiliates harmless from and against any and all claims, demands, damages and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to your ownership, development and operation of your Studio (regardless of cause or any concurrent or contributing fault or negligence of us or our affiliates) or any breach by you or your failure to comply with the terms and conditions of this Agreement or any applicable law. We also reserve the right to select our own legal counsel to represent our interests, and you must reimburse us for all our costs and all attorneys' fees immediately upon our request as they are incurred. It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any liability, cost, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding

of any joint employer status, you will fully indemnify us for any such liability, cost, loss or damage.

C. Insurance. You must, at your expense and no later than upon commencement of the Studio operations, procure and maintain in full force and effect throughout the term of this Agreement, insurance policies through an insurance company or insurance broker we designate, in such amounts and on such terms as we prescribe from time to time in the manuals. Insurance policies must name us as well as all other parties designated by us, as additional named insureds against any liability that may accrue by reason of your ownership, maintenance or operation of the Studio. The policies must also stipulate that we shall receive a thirty (30) day prior written notice of cancellation. Original or duplicate copies of all insurance policies, certificates of insurance, or other proof of insurance acceptable to us, including original endorsements affecting the coverage required by this Section, shall be furnished to us together with proof of payment within ten (10) days of issuance thereof. You shall also furnish us with certificates and endorsements evidencing such insurance coverage within ten (10) days after each of the following events: (i) at all policy renewal periods, no less often than annually, and (ii) in all instances of any change to, addition to, or replacement of any insurance. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements are subject to our approval. We reserve the right to require complete, certified copies of all required insurance policies at any time in our sole discretion. You are also required to collect loss history statements ("Loss Runs") from your insurance carrier(s) and remit the Loss Runs to us upon your annual renewal of insurance. If you fail to obtain the required insurance and to keep the same in full force and effect, we may, but are not obligated to, purchase insurance on your behalf from an insurance carrier of our choice, and you shall reimburse us for the full cost of such insurance, along with a service charge (not to exceed twenty percent (20%) of the policy premium) ("Insurance Service Charge") to compensate us for the time and effort expended to secure such insurance, within five (5) days of the date we deliver an invoice detailing such costs and expenses to you.

The required liability insurance must provide severability of interests and/or separation of insureds coverage; be primary and non-contributory with any insurance policy carried by us; and include a waiver of subrogation in our and our affiliates, if applicable, favor. By providing written notice to you, we may from time to time modify the required minimum limits and require additional insurance coverage, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the SpeedPro system, standards of liability and higher damage awards, and you must promptly comply with any such modified requirements.

As of the Effective Date, the minimum types and limits of insurance coverage are as follows:

Coverage	Minimum Limits of Coverage
General Liability	\$1,000,000 per occurrence; \$2,000,000 aggregate; you must include coverage for leased premises as needed.
Garage keepers Liability	Minimum of \$100,000; required if you work on client automobiles

Coverage	Minimum Limits of Coverage
Property	Replacement cost value of property; required if you own the building or premises in which your Studio is located.
Business Personal Property	Replacement cost value of property.
Hired & Non-Owned Auto	\$1,000,000.
Commercial Auto	\$1,000,000; required if you own automobiles.
Workers Compensation	Statutory Limits (will vary by state); required if you have employees and such insurance is required by the state.

In addition to the required coverages described above, we also recommend you purchase the following coverages:

Coverage	Suggested Limits of Coverage
Umbrella	\$1,000,000.
Business Income Interruption	As desired for loss of income.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term “you” as used in this subsection 10.D includes, collectively and individually, your Control Person, all Principal Owners, guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your Control Person and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subsection 10.D.

2. You covenant that during the term of this Agreement you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, loan money to, guarantee any obligations of, consult with or have any interest in any printing and related services business (“Competing Business”) other than one authorized by this Agreement or any other agreement between us and you, except any interest you may have, at the Effective Date of this Agreement, in a Competing Business, the existence of such interest we have approved in writing. Under no circumstances may you be a member of a franchisee advisory council, committee, board or other similar group for a Competing Business, unless you receive our prior written approval.

3. Except for any interest you or your affiliate have in another SpeedPro Imaging® Studio pursuant to an agreement with us or our affiliate, you covenant that you will not, for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, or within two years of the sale of the Studio or any interest in you (the “Restricted Period”), either directly or indirectly,

for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, loan money to, guarantee any obligations of, consult with or have any interest in a Competing Business. Without limiting the generality of the foregoing, this means that you may not, directly or indirectly, have any interest in (i) a business that sells products and services the same as or similar to the type of products or services sold in SpeedPro Imaging® Studios; (ii) any printing, reprographics and related services business; or (iii) a business with a trade dress similar to SpeedPro Imaging® Studios, in each case:

- a. At the premises of the former Studio;
- b. Within a 50-mile radius of the former Studio; or
- c. Within a 50-mile radius of the location of any other business or studio using the SpeedPro Imaging® System, whether franchised or owned by us or our affiliates.

E. Non-Solicitation of Clients. During the term of this Agreement and during the Restricted Period, you may not solicit business from or induce, influence or encourage, any active client, customer, or other similar third party of any SpeedPro Imaging Studio (whether operated by us, our affiliates or our franchisees) to alter, terminate or breach its contractual or other business relationship with us or any of our affiliates or franchisees, as more specifically provided in our then-current client anti-poaching policy as from time to time set forth in the manual(s). Your violation of this provision will be a material breach of this Agreement entitling us to terminate this Agreement if you fail to cure such breach as provided in Section 13.B.1. In addition, if you violate this provision, you agree to pay to such harmed franchisee, affiliate or us, as applicable, as fair and reasonable liquidated damages (but not as a penalty), an amount equal to 200% of the total revenue you receive from the client that you solicited away from us, our affiliate or our franchisee in violation of this subsection. You agree that such amount is for the damages that the harmed party will suffer for the loss of the client's business, including the cost of replacing the lost client revenue, and that it would be difficult to calculate with certainty the amount of damage that the harmed party would incur. Notwithstanding the foregoing, if a court determines that the liquidated damages payment to be unenforceable, then the harmed party may pursue all other available remedies, including consequential damages. The parties acknowledge and agree that any franchisee from whom an active client was solicited by you in violation of this subsection shall be a third-party beneficiary of this provision, but only to the extent they may seek compensation from you.

F. Tolling; Restrictions Reasonable; Blue Pencil Rule. You agree that the Restricted Period will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. You agree that the restrictions set forth in this Section 10 are reasonable in order to protect our legitimate business interests and the time and expense incurred in establishing the System and accordingly all defenses to the strict enforcement of such restrictions by us are waived. If the duration of, the scope of, or any business activity covered by any provision of Sections 10.D or 10.E is in excess of what is determined to be valid and enforceable under applicable law, such provision shall be construed to cover only that duration, scope or activity that is determined to be valid and enforceable. You hereby acknowledge that Sections 10.D or 10.E shall be given the construction which renders the provisions valid and enforceable to the maximum extent, not exceeding its express terms, possible under applicable law.

11. TRANSFER OF FRANCHISE. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the Studio. Consequently, neither any interest in this Agreement, any interest in you (i.e., the franchisee), nor any interest in the Studio may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire such interest in accordance with subsection 11.F, and, if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in subsection 11.C is paid, and the transfer conditions described in subsection 11.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the Studio business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer that requires compliance with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 11:

1. Any change or series of changes in the ownership percentage of the franchisee entity, directly or indirectly, by any Principal Owner;

2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity; or

3. For purposes of this subsection 11.A, a pledge or seizure of any ownership interests in you or in any Principal Owner that affects the ownership of 25% or more of you or any Principal Owner, which we have not approved in advance in writing.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in subsection 11.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in subsection 11.C, and satisfy the transfer conditions described in subsection 11.D. In addition, you or the assignee must pay the attorneys’ fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in, on or upon the location of the Studio, or in any communication media or any form of advertising, any information relating to the sale of the Studio or the rights under this Agreement without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer; provided that all of the conditions described in this Section 11 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in subsection 11.F must be made by submission of our form of application for consent to transfer. You also agree to submit other information and documents (including a copy of the proposed purchase or other transfer agreement) we require under our then-current transfer procedures. The application must indicate whether you or a Principal Owner proposes to retain a security interest in the property to be transferred. No security interest may be

retained or created, however, without our prior written consent and only upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void, your interest in this Agreement will be voluntarily abandoned, and it will provide us with the right to elect either to deem you in default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in subsection 11.C.

C. Transfer Fee. As a condition to our approval of any transfer hereunder, you must pay us a transfer fee in the amount set forth in the Summary Pages (the "Transfer Fee"); provided that no Transfer Fee will be due in connection with (i) a transfer to us pursuant to our exercise of the right of first refusal (under Section 11.F); (ii) a one-time transfer by you (if you are an individual) to a legal entity you form for the convenience of ownership and 100% of the voting ownership interests of such entity are beneficially owned and controlled by you; provided that you (the individual transferor) remain personally liable as a guarantor for the legal entity franchisee's performance of its obligations hereunder; or (iii) a transfer to immediate family or among Principal Owners pursuant to subsection 11.G. In addition, if the transferee requires additional training (beyond the transfer training and training provided by you under clause 11.D.8), we reserve the right to charge for such additional training, not to exceed \$7,500.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity, upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for any potential new franchisee at the time of the proposed transfer.

2. Payment of Amounts Owed. All amounts owed by you to us and our affiliates, your suppliers and landlord for the Studio premises and Authorized Location, or upon which we have any contingent liability must be paid in full. Without limiting the foregoing, if you retain or authorize us to retain the services of a business or franchise broker to procure a buyer for your Studio, you must pay the business or franchise broker commission.

3. Reports. You must have provided all required reports to us in accordance with subsections 9.I and 9.J.

4. Modernization. You must have complied with the provisions of subsection 5.D. Upgrade of the Studio to our then-current standards must occur within 90 days of the transfer.

5. Guarantee. In the case of an installment sale for which we have consented to you or any Principal Owner retaining a security interest or other financial interest in this Agreement or the business operated hereunder, you or such Principal Owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You, each Principal Owner and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your

Studio or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Execution of Then-Current Franchise Agreement. The assignee executes our then-current form of franchise agreement, the terms of which may differ from this Agreement.

8. Training. You covenant to provide to the transferee a minimum of two weeks of training in accordance with a training schedule that we pre-approve.

9. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the Studio and its operations reasonably necessary or appropriate for assignee and/or us to evaluate the Studio and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the Studio and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Studio.

10. Other Franchise Agreements. You must be in full compliance with all your obligations under this Agreement and all other agreements executed between you and us.

11. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies; provided, that such conditions will not be more stringent than any conditions otherwise imposed on new franchisees signing the then-current franchise agreement.

E. Death, Disability or Incapacity. If any individual who is a Principal Owner dies or becomes disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a Principal Owner, such person or entity must apply for our consent under subsection 11.B, comply with the training requirements of subsection 7.B if the Principal Owner also was the Control Person (unless the heir or successor-in-interest finds another Principal Owner to qualify as the Control Person), pay the applicable transfer fee under subsection 11.C, and satisfy the transfer conditions under subsection 11.D, as in any other case of a proposed transfer, all within six months of the death or notice of the disability or incapacity. During any transition period to an heir or successor-in-interest, the Studio still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in subsection 11.F. At the heirs or representatives' request, we will act as non-exclusive agent for the sale of your rights under this Agreement and the business upon terms mutually agreed upon between us and the heirs or representatives. To prevent the interruption of the business, you authorize us, at our option, to operate the Studio for so long as we deem necessary. All monies from the operation of the Studio during such period of operation by us will be kept in a separate account, and our expenses during such period for operating business, including reasonable compensation to us, and our employees or representatives, will be charged to such account. You agree to save harmless and fully indemnify us and our employees and representatives for and against all claims, losses or actions in connection with our operation of the Studio as provided in this

Section. We will be entitled to a fee, in an amount as agreed upon by the parties, if we provide services pursuant to this Section.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in you or the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by subsection 11.E or any transfer described in subsection 11.A, you first must offer to sell to us your interest under the same terms. In the event of a bona fide offer from such third party, you must obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer.

If the proposed transfer results from a transfer under subsections 11.A.1 through 11.A.3, or your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, you first must offer to sell to us your interest in this Agreement and the land, building, equipment, furniture and fixtures, and any leasehold interest used in the operation of your Studio. Unless otherwise agreed to in writing by us and you, the purchase price for our purchase of assets in the event of a transfer that occurs by a transfer under subsections 11.A.1 through 11.A.3, or an insolvency or bankruptcy filing, will be established by a qualified appraiser selected by the parties and in accordance with the price determination formula established in subsection 14.B (the formula that includes the value of any goodwill of the business) in connection with an asset purchase upon expiration. In addition, unless otherwise agreed to in writing by us and you, the transaction documents, which we will prepare, will be those customary for this type of transaction and will include representations and warranties then customary for this type of transaction. If the parties cannot agree upon the selection of such an appraiser, a Judge of the United States District Court for the District in which the Authorized Location is located will appoint one upon petition of either party. You or your legal representative must deliver to us a statement in writing incorporating the appraiser's report and all other information we have requested.

We then have 45 days from our receipt of the statement setting forth the third-party offer or the appraiser's report and other requested information to accept the offer by delivering written notice of acceptance to you. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 45-day period, you will be free for 60 days after such period to close the sale as described in the statement delivered to us provided such transfer is in compliance with this Section 11. You may affect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this subsection 11.F. You understand that, for purposes of this Section 11.F, we may effectuate our right of first refusal rights through an affiliate or other third party that we designate.

G. Transfer to Immediate Family Members and among Principal Owners. If the transfer is between an original Principal Owner or an individual who has been a Principal Owner for at least five years and an immediate family member of that owner, or if the transfer is among individuals who have each been Principal Owners for at least five years, then the following apply: (i) no transfer fee will be payable to us, although if the transferee requires additional training (beyond the transfer training and training provided by you under clause 11.D.8), we reserve the right to charge for such additional training, not to exceed \$7,500; and (ii) we will waive our right of first refusal described in subsection 11.F; provided that we must approve in writing any family member assignee. All other provisions of this Section 11 apply in full force and effect to the type of transfer described in this subsection, including without

limitation, the requirement that the assignee meet our then-current requirements for new franchisees, including financial qualifications and experience standards.

H. Mortgage etc. You may not voluntarily mortgage, pledge, grant a security interest in or otherwise encumber this Agreement, the rights granted hereunder, or the assets of the Studio, without our prior consent, such consent not to be unreasonably withheld.

I. Transfer by Us. We have the right to sell, transfer or assign, in whole or in part, our interest in this Agreement.

12. DISPUTE RESOLUTION. The following provisions apply with respect to dispute resolution:

A. Mediation. Except for disputes that involve injunctive relief or specific performance actions covered under subsection 12.B, the parties agree to mediate any dispute between you and us or any of our or your affiliates in connection with this Agreement, any lease or sublease for the Studio or Authorized Location, the parties' relationship, or the business; provided that the party seeking mediation must notify the other party of its intent to mediate prior to the termination of this Agreement. Mediation will be conducted in the county in which our headquarters are then located (currently, Arapahoe County, Colorado), or at such other place as may be mutually agreeable to the parties, by a mediator or mediation program agreed to by the parties. Persons authorized to settle the dispute must attend any mediation session. The parties agree to participate in the mediation proceedings in good faith with the intention of resolving the dispute if at all possible within 30 days of the notice from the party seeking to initiate the mediation procedures. If not resolved within 30 days, or if one party refuses to participate in mediation as outlined herein, the parties are free to pursue resolution through the Federal Courts in Colorado or state courts Arapahoe County, Colorado.

B. Injunctive Relief. Notwithstanding subsection 12.A above, you recognize that the Studio is one of a large number of studios and stores identified by the Marks and similarly situated and selling to the public similar products, and the failure on the part of a single franchisee to comply with the terms of its agreement could cause irreparable damage to us and/or to some or all of our other franchisees. Therefore, it is mutually agreed that in the event of a breach or threatened breach of any of the terms of this Agreement by you, we will forthwith be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made by Federal or state courts.

Finally, we and our affiliates have the right to commence a civil action against you or take other appropriate action without first mediating the dispute for the following reasons: to collect sums of money due to us; to compel your compliance with trademark standards and requirements to protect the goodwill of the Marks; to compel you to compile and submit required reports to us; or to permit evaluations or audits authorized by this Agreement.

C. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, any lease or sublease for the Studio or Authorized Location, or the business will be entitled to recover all of its attorneys' fees and costs.

D. Conflict with Applicable Laws. If any provision of this Agreement violates any applicable federal or state law or regulation, then such law or regulation will apply and be deemed substituted for the conflicting provision of this Agreement.

13. DEFAULT AND TERMINATION. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any Principal Owner or guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us; intentionally understating or underreporting or failing to pay when due any amounts required to be paid to us or any of our affiliates; actions by you, a Principal Owner, or a guarantor that infringe upon, harm or contest our parent company's rights in any of the Marks or the goodwill associated with the Marks; or impair or tend to impair our reputation; any felony, filing of tax or other liens that may affect this Agreement; voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor; and insolvency or making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors. If you are in default hereunder and fail the timely cure the default, we may elect, in our sole discretion, to cease providing you certain services hereunder as set forth in Section 6.D, in lieu of immediate termination of this Agreement; provided however, that any such actions by us will not be deemed a waiver of any of our other rights or remedies that we may have under this Agreement or applicable law as a result of such uncured default (including, without limitation, the right to terminate this Agreement).

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise expressly provided in this subsection 13.B or elsewhere in the Agreement: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports (including Gross Sales Reports, financial statements, tax returns or any other reports), in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by delivering to you written notice of termination that will identify the grounds for the termination; (iv) the termination will be effective immediately upon our issuance of the written notice of termination and (v) conducting e-commerce or engaging in social networking on the Internet using the Marks without our prior written approval, and failing to cure such default within 24 hours of our notice.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occurs, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: (i) any material misrepresentation or omission in your franchise application; (ii) your voluntary abandonment of this Agreement or the Authorized Location; (iii) the loss of your lease, the failure to timely cure a default under the lease or under any other agreement with us or our affiliates, or the loss of your right of possession or failure to reopen or relocate under subsection 5.F; (iv) any unauthorized use of Confidential Information; (v) voluntary or involuntary bankruptcy by or against you or any Principal Owner or guarantor, insolvency,

making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors (if any such proceeding is not dismissed within 30 days); (vi) any default under this Agreement that materially impairs the goodwill associated with any of the Marks; (vii) conviction of you, any Principal Owners, the Control Person, or guarantors of (or pleading no contest to) any felony regardless of the nature of the charges; (viii) any actions that infringe upon, harm or contest our or our affiliate's rights in any of the Marks or the goodwill associated with the Marks or impair or tend to impair our reputation; (ix) independently marketing on the Internet, (x) intentionally understating or underreporting Gross Sales, Royalty Fees or Marketing Fund Fees or any understatement or 1% variance on a subsequent audit within a 3 year period under subsection 9.J; (xi) failure to open the Studio by the Required Open Date, or failure to execute the lease (including the Consent and Agreement of Landlord) or the purchase agreement for the Studio by the date stated subsection 2.C, or failure to open the Studio on the Grand Opening Date; (xii) any unauthorized transfer or assignment in violation of Section 11; (xiii) any default by you that is the third or any subsequent default under this Agreement within any 12-month consecutive period, regardless of whether the defaults were the same or different defaults and regardless of whether you timely cured such defaults; or (xiv) sale of printing-related equipment; .

3. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement; provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. However, if the breach cannot reasonably be cured within 30 days, you have the right to terminate this Agreement if, after our receipt of a written notice from you, we do not within 30 days undertake and continue efforts to cure the breach until completion. Your termination of this Agreement under this Section will not release or modify your Post-Term obligations under Section 14 of this Agreement.

14. POST-TERM OBLIGATIONS. Upon the expiration or termination of this Agreement:

A. Reversion of Rights; Discontinuation of Mark Use. All of your rights to use the Marks and the System and all other rights and licenses granted herein (including, without limitation, your right to use Client Information) and the right and license to conduct business under the Marks and the System will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. You must cease holding yourself out as our franchisee. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the Studio (although we will not assume any past due obligations). You must immediately comply with the post-term non-compete obligations under subsection 10.D, cease all use and display of the Marks and of any proprietary material (including the manuals and other Confidential Information and Client Information) and of all or any portion of any other materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the Studio and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. In addition, if we

terminate your Franchise Agreement for cause, you must pay us, within 15 days after the effective date of termination, liquidated damages equal to the average monthly Royalty Fee you paid or owed to us during the 12-month period immediately preceding termination (or system-wide average royalty fees for such period if you have not been in business for full 12 months), multiplied by (a) 36 (being the number of months in three full years), or (b) the actual number of months remaining under this Agreement had it not been terminated, whichever is lower. You must immediately return to us, at your expense, all copies of the manual(s) and all Client Information in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of subsection 6.H. You must promptly at your expense and subject to subsection 14.B, remove or obliterate all Studio signage, displays or other materials (electronic or tangible) in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks and so alter the appearance of the Studio as to differentiate the Studio unmistakably from duly licensed studios identified by the Marks. If you refuse to comply with the provisions of the preceding sentence, we have the right to enter the Authorized Location and remove all Studio signage, displays or other materials in your possession at the Authorized Location or elsewhere that bear any of the Marks or names or material confusingly similar to the Marks, and you must reimburse us for our costs incurred. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement, you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your Studio that are owned by you or any of your affiliates, including, without limitation, the land, building, equipment, fixtures, signage, furnishings, supplies, leasehold improvements, and inventory of the Studio at a price determined by a qualified appraiser (or qualified appraisers if one party believes it is better to have a real estate appraiser appraise the value of the land and building and a business appraiser appraise the Studio's other assets) selected with the consent of both parties, provided we give you written notice of our preliminary intent to exercise our purchase rights under this Section within 30 days after the date of the expiration or termination of this Agreement. If the parties cannot agree upon the selection of an appraiser(s), one or both will be appointed by a Judge of the United States District Court for the District in which the Authorized Location is located upon petition of either party.

If the Agreement is terminated, expires or otherwise is cancelled, the price determined by the appraiser(s) will be the reasonable fair market value of the assets based on their continuing use in, as, and for the operation of a SpeedPro Imaging® Studio and the appraiser will designate a price for each category of asset (e.g., land, building, equipment, fixtures, etc.), but shall not include the value of any goodwill of the business, as the goodwill of the business is attributable to the Marks and the System. In the event of expiration, however, the parties agree that you may elect not to include the land in the appraisal and option to purchase process. In this instance, you may elect to lease the land to us or our designee for a lease term of at least 10 years with two 5-year options to renew and for a primary rate equal to fair market value according to the applicable Building Office Management Association Guidelines, unless otherwise agreed to by the parties.

Within 45 days after our receipt of the appraisal report, we or our designated purchaser will identify the assets, if any, that we intend to purchase at the price designated for those assets in the appraisal report. We or our designated purchaser and you will then proceed to complete and close the purchase of the identified assets, and to prepare and

execute purchase and sale documents customary for the assets being purchased, in a commercially reasonable time and manner. You will pay the appraiser's fees and expenses. Our interest in the assets of the Studio that are owned by you or your affiliates will constitute a lien thereon and may not be impaired or terminated by the sale or other transfer of any of those assets to a third party. Upon our or our designated purchaser's exercise of the purchase option and tender of payment, you agree to sell and deliver, and cause your affiliates to sell and deliver, the purchased assets to us or our designated purchaser, free and clear of all encumbrances, and to execute and deliver, and cause your affiliates to execute and deliver, to us or our designated purchaser a bill of sale therefor and such other documents as may be commercially reasonable and customary to effectuate the sale and transfer of the assets being purchased.

If we do not exercise our option to purchase under this subsection, you may sell or lease the Studio premises to a third party purchaser; provided that your agreement with the purchaser includes a covenant by the purchaser, which is expressly enforceable by us as a third party beneficiary, pursuant to which the purchaser agrees, for a period of 2 years after the expiration or termination of this Agreement, not to use the premises for the operation of a business similar to that then conducted by our company-owned or franchised studios.

C. Claims. You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or the SpeedPro Imaging® business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

15. GENERAL PROVISIONS. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, the remainder of this Agreement will remain valid and in full force and effect. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must be enforced by specific performance or any other equitable remedy at the election of the party seeking enforcement.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify Appendices and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by an express waiver in writing signed by you and us. This Agreement together with the addenda and appendices hereto and the application form executed by you requesting us to enter into this Agreement constitute the sole agreement between the parties with respect to the entire subject matter of this Agreement and embody all prior agreements and negotiations with respect to the business. ** YOU ACKNOWLEDGE AND AGREE THAT YOU HAVE NOT RECEIVED ANY WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF YOUR BUSINESS. THERE ARE NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, EXCEPT AS CONTAINED HEREIN AND IN THE AFORESAID APPLICATION. NOTHING IN THE AGREEMENT OR IN ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE

REPRESENTATIONS WE MADE IN THE FRANCHISE DISCLOSURE DOCUMENT THAT WE FURNISHED TO YOU.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid and addressed as follows:

If intended for us, addressed to:

SP FRANCHISING LLC
Attn: Chief Executive Officer
7000 Yosemite St., Suite 100
Centennial, Colorado 80112
Telephone: (844) 274-4784
Facsimile: (720) 496-4964

If intended for you, addressed to you at _____
_____ or at the Authorized Location; or, in either case, as the intended party may change such address by written notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subsection.

D. Authority. Any modification, consent, approval, authorization or express waiver to the terms of this Agreement will be valid only if in writing executed by both the Control Person on your behalf and by our Chief Executive Officer.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to "you" in this Agreement include all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All Principal Owners of a franchisee that is a corporation, limited liability company, partnership or other legal entity must execute the form of undertaking and guarantee attached to this Agreement. Any person or entity that at any time after the date of this Agreement becomes a Principal Owner pursuant to the provisions of Section 11 or otherwise must execute the form of undertaking and guarantee at the end of this Agreement within Ten (10) days from the date such person or entity becomes a Principal Owner; provided, however, that any person or entity who becomes a Principal Owner shall automatically acquire all the obligations of a Principal Owner under this Agreement at the time such person or entity becomes a Principal Owner. Before approving and entering into any transaction that would make any person or entity a Principal Owner, you must notify such person about the content of this subsection.

G. Successors/Assigns. Subject to the terms of Section 11 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Colorado, without regard to conflicts of laws provisions. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Authorized Location is located.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of subsection 5.D and other express limitations set forth in this Agreement. All of our rights and remedies hereunder are cumulative, and no exercise or enforcement of any right or remedy will be exclusive of any other right or remedy permitted hereunder or which we are otherwise entitled by law to enforce.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree 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 Marks, improving client service and satisfaction, improving product and service quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties must be brought in the state or federal district court located in the county in which our headquarters are then located (currently, Arapahoe County, Colorado). Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subsection will survive the termination of this Agreement.

J. Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.

K. Waiver of Punitive Damages. You and your affiliates and we and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the

other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. Without limiting the generality of the foregoing, (i) all contracts, purchases and other transactions in connection with your Studio business will be made in your name; and (ii) we shall have no liability in connection with or related to the products or services rendered to you by any third party, even if we required, approved or consented to the product or service or designated or approved the supplier.

M. Force Majeure. Any failure of performance of this Agreement according to its terms by any party due to force majeure will not be deemed a breach of this Agreement. For purposes of this Agreement, “force majeure” means acts of God, State or governmental action, riots, disturbance, war, strikes, lockouts, slowdowns, prolonged shortage of energy supplies or any raw material, epidemics, fire, flood, hurricane, typhoon, earthquake, lightning and explosion or other similar event or condition, not existing as of the date of signature of this Agreement, not reasonably foreseeable as of such date and not reasonably within the control of any party hereto, which prevents in whole or in material part the performance by one of the parties hereto of its obligations hereunder.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary standards, specifications, and requirements for any franchised studio or franchisee based upon the customs or circumstances of a particular franchise agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such studio, franchisee’s business or the System. We are not required to grant to you a similar or other variation as a result of any variation from standard specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you or require you to purchase goods, products and/or services for use in your Studio on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the “Effective Date” of this Agreement in the space provided in the Summary Pages. If no Effective Date is designated on the Summary Pages, the Effective Date is the date when we sign this Agreement. However, as described in subsection 5.A, you do not have the right to, and may not, open and commence operation of a Studio until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

Q. Regional Developers. You acknowledge that we may contract with Regional Developers (each, a “RD”) to assume and perform, as an independent contractor and not as our agent, all or certain of our responsibilities under this Agreement. We will give you written notice of the RD for your location and that RD’s address. Until you are otherwise notified in

writing by us, the RD will have contractual obligations to fulfill certain rights and duties under this Agreement.

(Signature Page Follows)

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement on the dates written below.

FRANCHISEE:

Date: _____

SIGNATURE: _____

By: _____

Its: _____

By: _____

Its: _____

By: _____

Its: _____

FRANCHISOR:

SP FRANCHISING LLC

Date: _____

By: _____

Its: _____

PERSONAL GUARANTY AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement (the "Agreement") between SP FRANCHISING LLC ("we" or "us") and NAME OR ENTITY (the "Franchisee"), dated _____, 20____ and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Agreement, to be paid, kept and performed by the Franchisee, including without limitation the arbitration and other dispute resolution provisions of the Agreement.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Agreement, including but not limited to the non-compete provisions in subsection 10.D, and agree that this Personal Guaranty will be construed as though the undersigned and each of them executed an agreement containing the identical terms and conditions of the Agreement.

The undersigned waive: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; (3) any right he/she may have to require that an action be brought against the Franchisee or any other person as a condition of liability; and (4) notice of any changes permitted by the terms of the Agreement or agreed to by the Franchisee.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (2) such liability will not be diminished, relieved or otherwise affected by the Franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Agreement, or the amendment or extension of the Agreement with or without notice to the undersigned; and (3) this Personal Guaranty shall apply in all modifications to the Agreement of any nature agreed to by Franchisee with or without the undersigned receiving notice thereof.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Personal Guaranty will inure to the benefit of our successors and assigns.

(Signature Page Follows)

FRANCHISEE: NAME OR ENTITY

PERSONAL GUARANTORS:

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OWNERSHIP AND MANAGEMENT ADDENDUM TO
SPEEDPRO IMAGING® FRANCHISE AGREEMENT

1. Control Person. You represent and warrant to us that the following person, and only the following person, is the Control Person:

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
_____	_____	_____

2. Ownership. You represent and warrant to us that the following person(s) and entities, and only the following person(s) and entities, have ownership interests in the franchisee entity:

<u>NAME</u>	<u>HOME ADDRESS</u>	<u>PERCENTAGE OF INTEREST</u>
-------------	---------------------	-----------------------------------

PERSON A

PERSON B

3. Change. You must immediately notify us in writing of any change in the information contained in this Addendum and, at our request, prepare and sign a new Addendum containing the correct information.

4. Effective Date. This Addendum is effective as of this _____ day of _____, 20__.





Your Initials

Our Initials

Appendix A to the Franchise Agreement

Marks

You have the right to use the following Marks in accordance with the terms of the Franchise Agreement:

Mark	Registration Date	Registration Number
	December 29, 2009	3,730,894
	April 26, 2016	4,947,414
	January 15, 2015	5,004,209
SPEEDPRO	MAY 13, 1997	2,060,515
	July 11, 2019	5,975,938

We may amend this Appendix A from time to time in order to make available additional Marks or to delete those Marks that become unavailable. You agree to use only those Marks that are then-currently authorized.

The Marks must be used only in the manner that we specify. No deviations will be permitted

Appendix B to the Franchise Agreement

The Territory

The Authorized Location for your Studio as set forth in Section 2.A of your Franchise Agreement is as follows: STUDIO NAME.

As stated in Subsection 2.B of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Territory in which you will locate and operate the Studio is defined as follows:

ZIPs

The Territory is considered fixed as of the date of the Franchise Agreement.

FRANCHISEE:

By: _____
Its: _____

By: _____
Its: _____

By: _____
Its: _____

US:

SP FRANCHISING LLC

By: _____
Its: _____

Appendix C to the Franchise Agreement

SP FRANCHISING LLC

CONSENT AND AGREEMENT OF LANDLORD

The undersigned Landlord hereby:

- A. Agrees that the leased Premises will only be used as a SpeedPro Imaging franchise;
- B. Agrees that Franchisor has the right to enter the Premises to make any modifications necessary to protect Franchisor's Proprietary Marks;
- C. Upon written request from Franchisor, Franchisee agrees to provide Franchisor with a current copy of the lease;
- D. Agrees to notify Franchisor in writing of and upon the failure of Lessee to cure any default by Lessee under the Lease;
- E. Agrees that Franchisor will have the option, but not the obligation, to assume or renew the lease and the occupancy of the business Premises, including the right to sublease to another Franchisee, for all or any part of the remaining term of the lease, upon Franchisee's default or termination hereunder or upon Franchisee's default or termination or expiration of the Franchise Agreement, and in connection with said assumption Franchisor will not be obligated to pay to the landlord past due rent, common area maintenance and other charges attributable to more than one (1) month. The landlord shall give Franchisor thirty (30) days, upon termination of Franchisee's rights under the lease, to exercise this option; and
- F. Agrees that the lease may not be amended, assigned, or sublet without Franchisor's prior written approval.

Dated: _____

LANDLORD

CORPORATE SIGNATURE:

ATTEST:

a/an _____ corporation

By: _____

By: _____

Its: _____

Its: _____

SIGNED and SEALED this ____ day of _____, 20__

_____ Notary Public

Appendix D to the Franchise Agreement

AUTHORIZATION REGARDING ELECTRONIC REMITTANCE SYSTEM

PAYEE	BANK NAME	ACCOUNT NO.
SP Franchising LLC	_____	_____

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, drafts, orders and electronic debits (collectively "**debits**") drawn on such account which are payable to the above-named Payee. It is agreed that the Depository's rights with respect to each such debit will be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever. This authorization will continue in force until the Depository and the Payee have received at least thirty (30) days written notification from the Depositor of its termination.

The Depositor agrees with respect to any action taken pursuant to the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify the Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend, at the Depositor's own cost and expense, any action which might be brought by any persons or Entities because of any actions taken by the Depository or the Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Depository's or the Payee's participation therein.

Name of Depository (Franchisee's Bank): _____

Bank Address: _____

Bank Telephone Number: _____ Bank Fax Number: _____

Account No.: _____ Routing No.: _____

(Please attach one voided check for the above account.)

Name of Franchisee/Depositor as Listed on Account: _____

Franchisee's Studio Address: _____

Address, City, State, Zip Code

Franchisee's Telephone Number: _____

By _____

Franchisee's Authorized Representative

Title

Date: _____, 20__

Appendix E to the Franchise Agreement

START-UP PACKAGE

OPENING INVENTORY LIST

A. RENOVATIONS & FIXTURES

- 1 Large Work Table - Production Table
- 1 Production Table Cutting Mat
- 4 Customer Chairs
- 1 Conference Table
- 4 Office Chairs
- 1 Owner Office Desk
- 1 Filing Cabinet / 4 Drawers
- 2 Work Station Desk - MA, PA
- 3 Banner Stands Various
- 1 Media Rack
- 1 Substrate Rack
- Interior Signage - printed during training

B. EQUIPMENT & SOFTWARE

- 1 Roll to Roll Printer System with RIP Software, ink cartridges, cleaning cartridge, warranty and accessory pack
- 1 Plotter / Cutter
- 1 Large Format Laminating Unit
- 1 Graphics Computer with operating Software
- 1 Laptop Computer with operating Software - Owner laptop
- 1 Marketing Computer
- 1 RIP Computer
- 1 Adobe Creative Cloud Design Software 1st year subscription provided at time of training
- 4 Microsoft Office software - 1 loaded on owner's laptop
- 3 Color Monitors
- 2 Wireless Keyboard and Mouse
- 1 External Hard Drive
- 1 Deskjet All in One (Fax/Scan/Copy/Print)
- 1 Printer Stand Black & Silver
- 1 Portable Work Support Table
- 1 Pantone color book
- 1 Substrate cutter with stand and catch basket
- 1 Grommet Machine
- 1 Wall and Vehicle wrap installation kit
- 1 Designated workflow and CRM software system (Ongoing monthly charge)
- 1 Tradeshow Demo Kit
- 1 Sales Kit

C. INVENTORY (PRODUCTION MATERIAL)

- 3 Rolls of Laminate
- 1 Roll of Premium Cast Vinyl
- 1 Window Perforated Vinyl
- 1 Photo Gloss Paper media
- 1 PhotoTex Fabric Paper
- 1 Retractable banner media
- 2 Rolls of Calendared Vinyl

- 1 Roll of PVC Banner
- 4 Sheets of 4' x 8' White Coroplast
- 1 Sheets of 4' x 8' Black 3mil PVC
- 1 Sheets of 4' x 8' White 3mil PVC
- 2 Sheets of .040 Styrene
- 1 Black Ultraboard
- 2 White Ultraboard
- 1 Case of 3/16" White Foam Board
- 1 40" Straight Edge
- 3 Application Squeegees
- 1 Dry Erase Board with eraser and marker set
- 3 Utility Knives
- 1 First Aid Kit
- 1 32 Gallon Trash Can with wheels
- 5 Small Trash Cans
- 1 Literature Stand
- 1 Wall Test Kit
- 1 Home Office Kit - 4 SpeedPro mouse pads, 1 SpeedPro magnifying glass

Note: Any items on this Appendix E are subject to change without notice.

Appendix F to the Franchise Agreement

CONVERSION ADDENDUM

This Addendum, to the Franchise Agreement, is made by and between SP FRANCHISING, LLC a Delaware limited liability company and having its principal place of business at 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112 ("**Franchisor**", "**us**" or "**we**"), and _____ whose principal address is _____, an individual/partnership/corporation/limited liability company resident/established in the State of _____ ("**Franchisee**" or "**you**").

RECITALS

A. Prior to the Effective Date of the Franchise Agreement, Franchisee operated an independent printing and related services business ("**Existing Business**").

B. Franchisee desires to convert its Existing Business to a SpeedPro Imaging franchise business and operate the business in accordance with the Franchise Agreement and this Conversion Addendum ("**Conversion Franchised Business**").

C. In consideration of the foregoing and the covenants and consideration below, you and we agree to amend the Franchise Agreement as follows:

1. **Summary Pages.** The Initial Franchise Fee is deleted in its entirety and replaced as follows:

CONVERSION INITIAL FRANCHISE FEE \$ _____

2. **Summary Pages.** The Start-Up Fee is deleted in its entirety and replaced as follows:

START-UP FEE: _____

3. **Summary Pages.** The Royalty Fee is deleted in its entirety and replaced as follows:

ROYALTY FEE: From the Effective Date of the Franchise Agreement through month 12 – 1% of Gross Sales; From month 13 through month 24 – 2% of Gross Sales; From month 25 through month 36 – 3% of Gross Sales; and From month 37 and for the balance of the Term- 6% of Gross Sales of \$0 to \$75,000 and 4% of Gross sales from \$75,001 and greater.

4. **Summary Pages.** The Marketing Fund Fee is deleted in its entirety and replaced as follows:

MARKETING FUND FEE: From the Effective Date through month 12 – 1% of Gross Sales; From month 13 through month 24 – 1.5% of Gross Sales; From month 25 through the remainder of the Term – 2% of Gross Sales.

5. **Grant of License.** Section 2(C), Opening is amended to add the following:

Notwithstanding the foregoing, if we approve your existing location for your Conversion Franchised Business, you agree that the Conversion Franchised Business will be open and operating within 90 days from the Effective Date, unless we authorize an extension in writing ("Required Open Date with Existing Location"). If you fail to open on or before the Required Open Date with Existing Location we may charge you a failure to open fee in the amount of

\$2,500 per month ("Failure to Open Fee") until you open your Conversion Franchised Business.

6. **Facility Standards and Maintenance.** Section 5(A) Studio Facility; Studio Opening; Site Under Control is amended to add the following:

Franchisee represents and warrants that the Site that Franchisee will operate the Conversion Franchised Business is located in the Territory and is not used and will not be used for any other operation or purpose other than the Conversion Franchised Business. Franchisee further represents and warrants that it has provided us with all information requested by us regarding the Site and that such information is accurate in all material respects. If the location of your Existing Business does not meet our site selection criteria, you will comply with the site selection process described in this Section 5(A).

7. **Facility Standards and Maintenance.** Section 5(B), third paragraph, Studio Facility; Studio Opening; Site Under Control is amended to add the following:

If you fail to open your Conversion Franchised Business by the Grand Opening Date, in addition to other remedies, we may charge you a monthly fee of \$2,500 for each month that your Conversion Franchised Business is not open.

8. **Fees; Reporting and Audit Rights.** Section 9(D) Royalty Fee is deleted in its entirety and replaced as follows:

D. **Royalty Fee.** During the term of this Agreement and in consideration of the rights granted to you, you must pay to us a monthly Royalty Fee, no later than the seventh (7th) day following the end of the month for which the Royalty Fee is calculated. During the initial term of this Agreement, the Royalty Fee shall be equal to the monthly Royalty Fee set forth below. The amount of the Royalty Fee for any renewal term shall be that provided in the franchise agreement executed for such renewal term.

Year of Operations	Your Royalty Fee
From the Effective Date of the Franchise Agreement –Month 12	1.0% of Gross Sales
Month 13 – Month 24	2.0% of Gross Sales
Month 25 – Month 36	3%
Month 25 and for the balance of the Term of the Franchise Agreement	6.0% of Gross Sales between \$0 and \$75,000 and 4% of Gross Sales between \$75,001 and greater

9. **Fees; Reporting and Audit Rights.** Section 9(E) Marketing Fund Fee, first sentence is deleted in its entirety and replaced as follows:

In addition, simultaneously with the Royalty Fee payments, you must pay to us a monthly Marketing Fund Fee in an amount equal to 1% of Gross Sales from the Effective Date through month 12; and 1.5% of Gross Sales from month 13 through month 24; and 2% of Gross Sales from month 25 and the remainder of the Term of the Agreement (the "Marketing Fund Fee").

10. **Your Other Obligations: Noncompete Covenants**. Section 10(B) is amended to add the following:

You will also defend, at its own cost, and indemnify and hold harmless us, our shareholders, directors, officers, employees and agents, from and against any and all losses, costs, claims, expenses (including, without limitation, reasonable accountant, attorney and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly, from or pertaining to the operation of the Existing Business, including the sale of any service or product sold from the Existing Business prior to the Effective Date of the Agreement. The indemnification and hold harmless will survive termination of this Agreement.

11. **Default and Termination**. Section 13(B)(1) is amended to add the following:

(vi) your default of the Promissory Note (if any) for the financing provided by us past all applicable cure periods.

12. **Your Representations**. You represent and warrant to us that all information regarding the Existing Business, including but not limited to, Gross Sales for the Existing Business, balance sheets, income statements and other financial information, information regarding the Site and information regarding clients and services of the Existing Business, furnished to us are accurate in all material respects. You acknowledge that we relied on such information to determine your qualifications to convert your Existing Business to a Conversion Franchised Business.

13. **Capitalized Terms**. All capitalized terms not defined in this Addendum have the same meaning as in the Agreement.

14. **Not Transferrable by Franchisee**. The terms of this Addendum are personal to Franchisee and are not transferrable by Franchisee.

15. **No Further Changes**. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Agreement will remain in full force and effect as originally written and signed. In the event of a conflict between the Agreement and terms of this Addendum, the terms of this Addendum will control.

FRANCHISOR

SP FRANCHISING LLC

By: _____

Printed Name: _____

Title: _____

Date Signed: _____

FRANCHISEE:

By: _____ *

Printed Name: _____

Title if an entity: _____

Date Signed: _____

* The Operating Principal

**ACKNOWLEDGMENT ADDENDUM TO
SPEEDPRO IMAGING® FRANCHISE AGREEMENT**

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

Acknowledgments and Representations*.

- Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least (a) 14 calendar days prior to signing the Franchise Agreement; **or** (b) if you are a resident of **Iowa** or **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement (or other agreement) or payment of any consideration; **or** (c) if you are a resident of **Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration?
Check one: (☐) Yes (☐) No. If no, please comment: _____

- 2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement?
Check one: (☐) Yes (☐) No. If no, please comment: _____

- 3. If the Franchisor made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least 7 calendar days prior to the date on which the Franchise Agreement was executed? Check one: (☐) Yes (☐) No. If no, please comment: _____

- 4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one: (☐) Yes (☐) No. If no, please comment: _____

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

- 6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of SP FRANCHISING LLC make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, earnings, income or profit levels at any SpeedPro Imaging® location or business, or the likelihood of success at your franchised business? Check one: (☐) Yes (☐) No. If yes, please state in detail the oral, written or visual claim or representation: _____

7. Do you understand that the franchise granted is for the right to develop and operate the Studios in the Territory, as stated in Subsection 2.B of the Franchise Agreement, and that, according to Subsection 2.D of the Franchise Agreement, we and our affiliates have the right to distribute products and services through alternative methods of distribution and to issue franchises or operate competing businesses for or at locations, as we determine, (i) outside of your Territory using any trademarks; (ii) inside your Territory using any trademarks other than the SpeedPro Imaging® Marks; and (iii) inside the Territory using the SpeedPro Imaging® Marks via alternative channels of distribution? Check one: ☐ Yes ☐ No. If no, please comment: _____
-
8. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the Studio, meaning that any prior oral or written statements not set out in the Franchise Agreement or Disclosure Document will not be binding? Check one: ☐ Yes ☐ No. If no, please comment: _____
-
9. Do you understand that the success or failure of your Studio will depend in large part upon your skills and experience, your business acumen, your location, the local market for products and services under the SpeedPro Imaging® trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your Business may change? Check one ☐ Yes ☐ No. If no, please comment: _____
-
10. Do you understand that the current economy and financial situation in the U.S. and abroad could have a negative impact on the printing and reprographics industry, the SpeedPro Imaging® franchise system and your business? Check one ☐ Yes ☐ No. If no, please comment: _____
-
11. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) listed in Subsection 10.D and that an injunction is an appropriate remedy to protect the interests of the SpeedPro Imaging® system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly in subsection 10.D, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one ☐ Yes ☐ No. If no, please comment: _____
-
12. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise are for the purpose of protecting the SpeedPro Imaging® 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, training, supervision and termination of your employees and all other employment and employee related matters? Check one ☐ Yes ☐ No. If no, please comment: _____
-

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

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

Signed: _____
Print Name: _____
Date: _____

APPROVED ON BEHALF OF SP FRANCHISING LLC

By: _____
Title: _____
Date: _____

*Such representations are not intended to, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. Except to the extent we have negotiated changes to the Franchise Agreement that differ from the FDD, nothing in this Acknowledgement Addendum or in any related agreement is intended to disclaim representations made in SP FRANCHISING LLC's 2018 FDD that was furnished to you.

**Exhibit C
to SP Franchising LLC
Franchise Disclosure Document**

FINANCIAL STATEMENTS

UNAUDITED FINANCIALS

THESE FINANCIAL STATEMENTS 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 HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

SP Franchising LLC
Balance Sheet
As of April 30, 2020

	SP Franchising LLC
ASSETS	
Current Assets	
Cash and cash equivalents	144,832
Restricted Cash	139,858
Accounts Receivable	659,946
Prepaid expenses	288,566
Due from parent	373,794
Total Current Assets	1,606,996
Property and equipment, net	61,571
Goodwill, net	3,533,813
Intangible assets, net	1,894,023
Deposit	40,190
Deferred tax assets	0
Total Assets	7,136,593
LIABILITIES & EQUITY	
Current Liabilities	
Accounts Payable	176,924
Accrued expenses	217,246
Marketing fund payable	153,257
Deferred revenue	452,025
Current portion of long-term debt	290,266
Total current liabilities	1,289,718
Long-term debt, net of current portion	389,570
Subordinated long-term debt, net of current portion	0
Total Liabilities	1,679,288
Member's Equity	5,457,305
TOTAL LIABILITIES & EQUITY	7,136,593

SP Franchising LLC
Profit And Loss
YTD April 2020

	SP Franchising LLC
Revenues:	
Franchise fee revenue	55,550
Royalty revenue	1,003,299
Studio build out revenue	0
Other revenue	252,622
Total revenues	1,311,471
 Cost of revenues	 439,147
Gross profit	872,324
 General and administrative expenses:	
Advertising expense	10,250
Amortization and depreciation	398,020
Franchise development	181,837
Personnel costs	648,929
Professional fees	29,052
Rent and lease expense	44,772
Other general and administrative expenses	218,127
Total general and administrative expenses	1,530,987
 Income from operations	 -658,663
 Other expense:	
Interest expense	-16,828
Other expense	0
Total other expense	-16,828
 Net Income	 -675,491

SP Franchising LLC

Financial Statements
December 31, 2019 and 2018

Contents

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Other general and administrative expenses	20

Independent Auditor's Report

RSM US LLP

Audit Committee
SP Franchising LLC

Report on the Financial Statements

We have audited the accompanying financial statements of SP Franchising LLC (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SP Franchising LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the years ended December 31, 2019 and 2018, as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the years ended December 31, 2019 and 2018, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the years ended December 31, 2019 and 2018, is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Denver, Colorado
June 18, 2020

SP Franchising LLC

Balance Sheets

December 31, 2019 and 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 153,372	\$ 201,055
Restricted cash—marketing fund	199,775	289,748
Accounts receivable, net	365,408	347,750
Prepaid expenses	124,963	106,994
Deferred costs	46,691	249,728
Due from ultimate parent	-	1,058,753
Due from parent	2,507,957	751,207
Total current assets	3,398,166	3,005,235
Property and equipment, net	48,604	81,121
Goodwill, net	3,830,150	4,719,158
Intangible assets, net	1,877,345	1,702,283
Deposit	10,165	10,165
Total assets	\$ 9,164,430	\$ 9,517,962
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 176,470	\$ 237,034
Accrued expenses	272,724	156,914
Advertising and promotion fund payable	199,775	289,748
Deferred revenue	94,900	397,100
Income tax payable	-	-
Current portion of long-term debt	304,654	264,499
Current portion of subordinated long-term debt	750,005	333,332
Due to ultimate parent	1,173,677	-
Total current liabilities	2,972,205	1,678,627
Long-term debt, net of current portion	171,480	216,188
Subordinated long-term debt, net of current portion	-	750,005
Total liabilities	3,143,685	2,644,820
Commitments and contingencies (Note 15)		
Member's equity	6,020,745	6,873,142
Total liabilities and member's equity	\$ 9,164,430	\$ 9,517,962

See notes to financial statements.

SP Franchising LLC

Statements of Operations

Years Ended December 31, 2019 and 2018

	2019	2018
Revenues:		
Franchise fee revenue	\$ 278,100	\$ 613,800
Royalty revenue	3,627,650	3,390,091
Studio build out revenue	554,290	2,234,128
Equipment and supply revenue	241,049	232,491
Other revenue	797,388	622,952
Total revenues	5,498,477	7,093,462
Cost of revenues	1,880,371	3,347,582
Gross profit	3,618,106	3,745,880
General and administrative expenses:		
Marketing and advertising	242,030	291,430
Amortization and depreciation	1,131,961	1,092,145
Impairment on intangibles	45,922	289,650
Franchise development	537,751	844,538
Personnel costs	1,534,654	1,117,381
Professional fees	230,591	169,115
Rent and lease expense	125,145	126,555
Other general and administrative expenses	523,024	294,485
Total general and administrative expenses	4,371,078	4,225,299
Loss from operations	(752,972)	(479,419)
Other expense:		
Interest expense	(99,425)	(116,072)
Other expense	-	(43,824)
Total other expense	(99,425)	(159,896)
Net loss before (expense) benefit from income taxes	(852,397)	(639,315)
(Expense) benefit from income taxes	-	(213,939)
Net loss	\$ (852,397)	\$ (853,254)

See notes to financial statements.

SP Franchising LLC

Statements of Changes in Member's Equity
Years Ended December 31, 2019 and 2018

	2019	2018
Beginning member's equity	\$ 6,873,142	\$ 7,726,396
Net loss	(852,397)	(853,254)
Ending member's equity	<u>\$ 6,020,745</u>	<u>\$ 6,873,142</u>

See notes to financial statements.

SP Franchising LLC

Statements of Cash Flows

Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net loss	\$ (852,397)	\$ (853,254)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Amortization and depreciation	1,131,960	1,092,145
Impairment on intangibles	45,922	289,650
Deferred income taxes	-	312,484
Decrease in discount on long-term debt	3,406	14,930
Changes in operating assets and liabilities:		
Accounts receivable	(17,658)	(6,723)
Prepaid expenses	(17,969)	(25,907)
Deferred costs	203,037	226,320
Due from ultimate parent	2,232,430	370,438
Due from parent	(1,756,750)	(62,643)
Deposit	-	(2,573)
Accounts payable	(60,564)	(149,333)
Accrued expenses	115,810	(199,996)
Deferred revenue	(302,200)	(1,158,278)
Advertising and promotion fund payable	(89,973)	(124,320)
Income tax payable	-	(100,745)
Net cash provided by (used in) operating activities	635,054	(377,805)
Cash flows from investing activities:		
Purchase of property and equipment	(1,833)	(30,568)
Purchase of intangible assets	(429,586)	(55,000)
Net cash used in investing activities	(431,419)	(85,568)
Cash flows from financing activities:		
Payments on long-term debt	(48,114)	(213,781)
Borrowings on long-term debt	40,155	-
Payments on subordinated long-term debt	(333,332)	(333,332)
Net cash used in financing activities	(341,291)	(547,113)
Net decrease in cash and cash equivalents	(137,656)	(1,010,486)
Cash and cash equivalents:		
Beginning of year	490,803	1,501,289
End of year	<u>\$ 353,147</u>	<u>\$ 490,803</u>
Supplemental disclosures of cash flow information:		
Cash paid for interest	<u>\$ 70,051</u>	<u>\$ 132,557</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ 2,200</u>
Long-term debt issued in connection with the purchase of intangible assets	<u>\$ 364,153</u>	<u>\$ 373,990</u>

See notes to financial statements.

SP Franchising LLC

Notes to Financial Statements

Note 1. Organization and Operations

SP Franchising LLC (SPF or the Company) is a limited liability company operating under the laws of the State of Delaware. The Company was formed on April 8, 2014 (inception). The Company is a wholly owned subsidiary of SP IP LLC (SP IP or the Parent), which is a wholly owned subsidiary of SP Equity Holdings LLC (SP EH or the Former Ultimate Parent) through March 19, 2017, and was formed in conjunction with the acquisition of the Speedpro franchise system. On April 21, 2014, the Company acquired substantially all of the assets of the Speedpro franchise system. Subsequent to the completion of this acquisition the Company assigned the acquired intellectual property, trade names and noncompete agreement to the Parent, SP IP, at the allocated acquisition price. On March 19, 2017, Fairfield SPF, Inc. (Fairfield or Ultimate Parent) acquired all of the outstanding membership units of the Company's Former Ultimate Parent. The Company is a wholly owned subsidiary of Fairfield SPF, Inc. effective on March 19, 2017.

The Company is in the business of granting franchises for the establishment and operation of retail centers of premium, large scale printing, reprographics and related services under the service mark "Speedpro". The Company's headquarters are in Centennial, Colorado.

During the years ended December 31, 2019 and 2018, four and 12 franchise outlets were opened, one and six franchise outlets were closed, respectively. As of December 31, 2019 and 2018, there were 133 and 130 franchise outlets in operation, respectively. As of December 31, 2019, these franchisees were located in 33 states in the United States.

SP IP licensed the trademarks and other intellectual property relating to the Speedpro franchise system to the Company under a revocable royalty-free perpetual license agreement (the License). The License grants the Company the right to use this trademark and other intellectual property for licensing them to franchisees of the Company in the United States.

Liquidity and capital resources: The Company's operations are subject to various risks and uncertainties. Such risks and uncertainties include, but are not limited to, operating losses, competition, changing marketplace demands, an evolving business model and dependence on key personnel, and execution of the Company's strategy and initiatives. To address these risks, the Company must, among other things, continue to grow its revenue base; successfully execute its business and marketing strategies; continue to develop its technology; provide superior customer service; provide for sufficient funding; and attract, retain, and motivate qualified personnel. There can be no guarantee that the Company will be successful in addressing these or other such risks.

Management expects to continue to incur brand development, sales, marketing and development expenses as it expands its operations. Management believes that the Company's current cash resources, projected cash inflows from operations and financial support from the Company's investors are adequate to satisfy its liabilities and debt service requirements for the 12-month period subsequent to the issuance of these financial statements. An inability to achieve anticipated revenue growth and properly manage operating expenses could result in an adverse impact on the Company's ability to achieve its intended business objectives.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies

Basis of accounting: The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as detailed in the *FASB Accounting Standards Codification* (ASC or the Codification).

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management include the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

Cash and cash equivalents: For purposes of reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Restricted cash: Restricted cash consists of contributions to the advertising and promotion fund by the Company's franchisees and advances from the Company's general operating account. These funds are restricted for the purpose of satisfying costs of maintaining, administering, directing, conducting and preparing advertising, marketing and/or promotional materials and any other activities.

Accounts receivable: Accounts receivable consist primarily of royalty and other fees due from franchisees, less an allowance for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than 30 days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. Recoveries of amounts written off are recorded when received.

Property and equipment: Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Furniture and fixtures	5-7 years
Equipment	5 years
Vehicles	5 years
Leasehold improvements	Shorter of estimated useful life or life of lease

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Goodwill: The Company accounts for goodwill under ASC Topic 350, Intangibles—Goodwill and Other (ASC 350). The Company elected the accounting alternative provided in Accounting Standards Update (ASU) No. 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill* (ASU 2014-02), issued by the Financial Accounting Standards Board (FASB). Under this accounting alternative, goodwill is amortized on a straight-line basis over a period of 10 years. In addition, the accounting alternative requires the Company to test its goodwill for impairment only upon the occurrence of an event or circumstances that may indicate the fair value of the entity is less than its carrying value, and the Company has elected to perform this test at the entity level pursuant to the accounting alternative. If events or circumstances are present that may indicate the fair value of the entity is less than its carrying value, the estimated fair value of the Company is compared to its carrying amount, and an impairment loss is recognized for the excess of the carrying amount over fair value (if any), not to exceed the carrying amount of goodwill. Indicators of impairment existed due to continuing net losses and net decreases in cash flow. The Company performed an impairment test at the entity level which indicated no impairment as of December 31, 2019.

Intangible assets: Intangible assets are stated at cost less accumulated amortization. The franchise agreements intangible which consist of regional developer repurchases and master development agreements and franchise agreements identified at the acquisition of the Company on April 21, 2014. Amortization is computed using the straight-line method over the following estimated useful lives of the respective asset:

	Estimated Useful Life
Software	3 years
Franchise agreements	9 to 22 years

Impairment of long-lived assets: The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the year ended December 31, 2019 and 2018, impairment charges were recognized related to long-lived assets, specifically to master development agreements and the repurchases of the agreements.

Advertising and promotion fund: The franchise operating agreements provide for a marketing assessment of up to 2% of the franchisees' gross receipts payable to a system-wide advertising and promotion fund. Beginning in May 2017, new franchise operating agreements provide for a grand opening advertising campaign of \$10,000 payable to an advertising and promotion fund when a franchisee signs the Franchise Agreement. The revenues and expenses of the advertising and promotion fund are not included in the statements of operations, but are included in the statements of cash flows, indicated as restricted, refer to Note 8. The Company administers the fund and uses the fund to satisfy the cost of producing, maintaining, administering and directing consumer advertising and development costs, and grand opening advertising campaign costs.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Revenue recognition: The Company recognizes revenue in accordance with ASC 952-605-25, Accounting for Franchise Fee Revenue.

The Company recognizes franchise fee revenue when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. The agreements require the Company to provide training, manuals and opening assistance to the franchisee prior to the commencement of franchise operations. Initial fees for which required services have not been substantially performed are classified as deferred revenue on the balance sheet.

The Company also receives continuing royalty fees from its franchisees and recognizes this revenue in the period earned. The Company receives revenue from studio build out and sale of equipment supplied to its franchisees and recognizes this revenue in the period earned.

Revenue classified as other consists of fees paid by the franchisees to the Company and any amounts received for the Company's annual convention. Convention revenue is both attendance fees from the franchisees and sponsorship fees from vendors.

Deferred costs: Deferred costs relate to commissions and build out expenses incurred during the initial phase of franchisee set-up. Commissions are due upon invoice submission from the broker which occurs shortly after the franchise agreement is signed and the initial franchise fee is paid. These costs are nonrefundable. The entity does not recognize the expense related to commissions until the training and opening of the franchisee location occurs. Build out expenses relate to equipment, furniture and other supplies needed to set up the franchisee location. The franchisee will pay an initial startup package to the Company subsequent to signing the franchise agreement and lease which is reflected as deferred revenue. Upon receipt of all the required and ordered items to the franchisee location, the studio build out revenue is recognized and the deferred costs are expensed.

Advertising: All costs associated with advertising and marketing are expensed in the period incurred.

Income tax status: The Company is a single member Limited Liability Company and, as such, is treated as a division of its Ultimate Parent for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its Ultimate Parent. The Company has elected to reflect a tax provision as it is a member of the consolidated group tax return filed by the Ultimate Parent. The Company will be responsible for their share of related income tax expense reported in the consolidated tax return. As such, the Company computes deferred income tax assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The Company recognizes income tax related interest and penalties, if any, in interest expense and other general and administrative expenses, respectively.

Reclassifications: Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on reported net loss or member's equity.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. ASU 2016-08 provides specific guidance to determine whether an entity is providing a specified good or service itself or is arranging for the good or service to be provided by another party. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*. ASU 2016-10 provides clarification on the subjects of identifying performance obligations and licensing implementation guidance. In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. ASU 2016-20 provides corrections or improvements on 13 issues that affect narrow aspects of the guidance issued in Topic 606.

The requirements for these standards relating to Topic 606 will be effective for interim and annual periods beginning after December 15, 2019 (January 1, 2020 for the Company). The Company expects to adopt these standards upon their effective date. The Company is currently evaluating the impact on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 requires for lease arrangements spanning more than 12 months, an entity to recognize an asset and liability. The updated guidance is effective for interim and annual periods beginning after December 15, 2021, and early adoption is permitted. The Company believes the adoption of ASU 2016-02 will materially impact the financial statements by increasing noncurrent assets and noncurrent liabilities on the balance sheets in order to record the right of use assets and related lease liabilities for our existing operating leases. The Company is currently evaluating the impact to the financial statements.

Recently adopted accounting pronouncements: In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments*. ASU 2016-15 provides guidance on how certain cash receipts and cash payments should be presented and classified in the statement of cash flows with the objective of reducing existing diversity in practice with respect to these items. ASU 2016-15 became effective for the Company on January 1, 2019. The Company adopted this ASU for the year ended December 31, 2019, and noted it did not have a material impact on the financial statements.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business*. This ASU clarifies the definition of a business, which affects many areas of accounting, such as acquisitions, disposals, goodwill impairment and consolidation. For public companies, the ASU is effective for annual periods beginning after December 15, 2017, including interim periods within those periods. For all other companies and organizations, the ASU is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2019. The Company adopted this guidance for the year ended December 31, 2019, and noted it did not have a material impact on the financial statements.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which eliminates step two from the goodwill impairment test. Under the amendments in ASU 2017-04, an entity should recognize an impairment charge in the amount that the carrying amount of a reporting unit exceeds its fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU is effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted. The Company adopted this guidance for the year ended December 31, 2019, and noted it did not have a material impact on the financial statements.

Subsequent events: The Company has evaluated subsequent events through June 18, 2020, the date on which the financial statements were available to be issued.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic.

It is unknown how long the adverse conditions associated with the coronavirus will last and what the complete financial impact will be to the Company. Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions, including expected credit losses on receivables; impairment losses related to goodwill and other long-lived assets; valuation allowances on deferred tax assets and contingent obligations.

Except for the matter disclosed above, the Company has concluded that there are no other material subsequent events required to be disclosed.

Note 3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits with one financial institution.

Note 4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2019	2018
Royalties receivable	\$ 279,778	\$ 245,094
Franchise fees receivable	30,025	30,025
Franchise advertising and promotion fund receivables	55,534	47,248
Other receivable	71	25,383
Less allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 365,408</u>	<u>\$ 347,750</u>

SP Franchising LLC

Notes to Financial Statements

Note 4. Accounts Receivable (Continued)

For the years ended December 31, 2019 and 2018, bad debt expense related to accounts receivable was \$110 and \$4,621, respectively.

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2019	2018
Furniture and fixtures	\$ 67,418	\$ 67,418
Equipment	112,695	112,203
Vehicles	28,000	28,000
Leasehold improvements	13,356	13,356
	<u>221,469</u>	<u>220,977</u>
Less accumulated depreciation	(172,865)	(139,856)
Property and equipment, net	<u>\$ 48,604</u>	<u>\$ 81,121</u>

For the years ended December 31, 2019 and 2018, depreciation expense was \$34,350 and \$37,700, respectively.

Note 6. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2019 and 2018, are as follows:

	2019	2018
Balance at beginning of year:		
Goodwill	\$ 8,890,096	\$ 8,890,096
Accumulated amortization	<u>(4,170,938)</u>	<u>(3,281,930)</u>
	4,719,158	5,608,166
Changes in goodwill:		
Amortization	(889,008)	(889,008)
Balance at end of year:		
Goodwill	8,890,096	8,890,096
Accumulated amortization	<u>(5,059,946)</u>	<u>(4,170,938)</u>
	<u>\$ 3,830,150</u>	<u>\$ 4,719,158</u>

For the years ended December 31, 2019 and 2018, amortization expense was \$889,008.

SP Franchising LLC

Notes to Financial Statements

Note 7. Intangible Assets

Intangible assets, are as follows at December 31, 2019:

	Weighted Average Amortization Period	Cost	Accumulated Amortization	Net
Franchise agreements	14 years	\$ 2,479,740	\$ (613,790)	\$ 1,865,950
Software	3 years	12,366	(971)	11,395
Balance, end of year		<u>\$ 2,492,106</u>	<u>\$ (614,761)</u>	<u>\$ 1,877,345</u>

Intangible assets, are as follows at December 31, 2018:

	Weighted Average Amortization Period	Cost	Accumulated Amortization	Net
Franchise agreements	14 years	\$ 2,139,929	\$ (437,646)	\$ 1,702,283
Balance, end of year		<u>\$ 2,139,929</u>	<u>\$ (437,646)</u>	<u>\$ 1,702,283</u>

For the years ended December 31, 2019 and 2018, amortization expense was \$208,603 and \$165,435, respectively.

Future aggregate amortization expense is as follows:

Years ending December 31:	
2020	\$ 235,107
2021	235,107
2022	234,136
2023	230,985
2024	228,735
Thereafter	713,275
Total	<u>\$ 1,877,345</u>

Note 8. Advertising and Promotion Fund

For the years ended December 31, 2019 and 2018, the Company recognized advertising and marketing expense of \$242,030 and \$291,430, respectively.

During the years ended December 31, 2019 and 2018, the advertising and promotion fund payable activity was as follows:

	2019	2018
Balance at beginning of year	\$ 289,748	\$ 414,068
Advertising and promotion fund receipts	778,186	786,932
Advertising and promotion fund disbursements	(868,159)	(911,252)
Balance at end of year	<u>\$ 199,775</u>	<u>\$ 289,748</u>

SP Franchising LLC

Notes to Financial Statements

Note 8. Advertising and Promotion Fund (Continued)

For the years ended December 31, 2019 and 2018, the Company had combined advertising and marketing expense and disbursements related to the advertising and promotion fund in the amount of \$1,110,189 and \$1,202,682, respectively.

Note 9. Deferred Revenue

Deferred revenue consisted of the following at December 31:

	2019	2018
Deferred revenue—franchise fees	\$ 49,900	\$ 199,600
Deferred revenue—studio build out	-	119,000
Deferred revenue—convention sponsorship	45,000	78,500
Deferred revenue	<u>\$ 94,900</u>	<u>\$ 397,100</u>

Note 10. Subordinated Long-Term Debt

In conjunction with the acquisition of assets, the Company entered into a promissory note payable to the sellers. The note is subordinate to a revolving credit, term loan and security agreement for which the Company is a guarantor (See Note 14).

	2019	2018
Subordinated note payable, subordinated to long-term debt of SP EH, with interest at 8.0%, paid quarterly, principal payments to begin April 2016 in quarterly installments of \$83,333, due in April 2020.	\$ 750,005	\$ 1,083,337
Less current portion of subordinated long-term debt	(750,005)	(333,332)
Subordinated long-term debt, net	<u>\$ -</u>	<u>\$ 750,005</u>

Future maturities of subordinated long-term debt for the year following December 31, 2019, is as follows:

Year ending December 31:	
2020	<u>\$ 750,005</u>
	<u>\$ 750,005</u>

SP Franchising LLC

Notes to Financial Statements

Note 11. Long-Term Debt

Master development agreements are rights granted by the Company to developers to establish franchisees for a geographical region in return for net franchise fees and a stated percentage of royalty fees. In 2019 the Company reacquired two master developer franchise agreements and entered into promissory notes payable to the sellers bearing interest at 0.0% and have repayment terms of 36 months in length. In 2018 the Company reacquired three master developer franchise agreements and entered into promissory notes payable to the sellers bearing interest at 0.0% and have repayment terms ranging from 21 to 36 months in length. The long-term debt to master franchisees do not have a stated interest rate. In accordance with ASC 835-30-35, Interest on Receivables and Payables, the effective rate of interest on these long-term debts was determined to be 5.4%. The long-term debt discount relates to this imputed interest.

	2019	2018
Note payable, unsecured, in quarterly installments of \$8,750 due in February 2019.	\$ -	\$ 8,750
Note payable, unsecured, in quarterly installments of \$5,625 due in March 2019.	-	5,625
Note payable, unsecured, in quarterly installments of \$15,000 for first three quarters starting September 2018, and quarterly installments of \$35,000 for the following four quarters with a final payment of \$24,611, due in June 2020.	59,611	179,611
Note payable, unsecured, in one payment of \$25,000 due in August 2020.	-	25,000
Note payable, unsecured, in quarterly installments of \$17,500 due in November 2020.	52,500	122,500
Note payable, unsecured, in quarterly installments of \$15,031 due in December 2021.	105,217	165,341
Note payable, unsecured, in quarterly installments of \$8,203 due in October 2021.	57,426	-
Note payable, unsecured, in quarterly installments of \$24,902 due in March 2022.	224,114	-
Long-term debt	498,868	506,827
Less discount on long-term debt	(22,734)	(26,140)
Less current portion of long-term debt	(304,654)	(264,499)
Long-term debt, net	\$ 171,480	\$ 216,188

Future maturities of long-term obligations for the years following December 31, 2019, are as follows:

Years ending December 31:	
2020	\$ 296,451
2021	177,512
2022	24,905
Total	\$ 498,868

SP Franchising LLC

Notes to Financial Statements

Note 12. Income Taxes

The Company's Ultimate Parent, Fairfield, files income tax returns in the U.S. federal jurisdiction, and various states. The Company is subject to routine audits by taxing jurisdictions for all periods from inception.

In accordance with ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more likely than not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2019 and 2018.

The Company has net operating loss carryforwards of approximately \$478,000 and \$51,000 as of December 31, 2019 and 2018, respectively. The available net operating losses recognized by the Company in 2018 will not expire.

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management believes it is more likely than not that the benefits of the deferred tax assets will not be realized and has recorded a valuation allowance.

The provision for income taxes consists of the following for the years ended December 31:

	2019	2018
Federal	\$ -	\$ 241,650
State	-	(27,711)
Total current expense (benefit) from income taxes	-	213,939
Current	-	(98,545)
Deferred	-	312,484
Total deferred expense (benefit) from income taxes	\$ -	\$ 213,939

SP Franchising LLC

Notes to Financial Statements

Note 12. Income Taxes (Continued)

The following is a reconciliation of the expected federal income taxes benefit at the statutory rate of 21% to the actual benefit from income taxes for the years ended December 31:

	2019	2018
Expected tax benefit at statutory rates:		
Benefit for income taxes of U.S. statutory rate	\$ (179,004)	\$ (134,256)
State taxes, net of federal income benefit	(31,169)	(21,892)
Meals and entertainment	2,132	2,132
Return to provision	-	(115,726)
Intangible assets and goodwill	-	-
Change in valuation allowance	212,115	467,537
Property and equipment	-	-
Change in tax law	-	-
Change in deferred state tax rate	(4,074)	16,144
Expense (benefit) from income taxes	<u>\$ -</u>	<u>\$ 213,939</u>

Temporary differences comprising the net deferred tax assets on the accompanying balance sheets are as follows as of December 31:

	2019	2018
Deferred tax assets:		
Net operating losses	\$ 117,977	\$ 12,511
Intangible assets	546,398	463,466
Less valuation allowance	(663,176)	(467,537)
Total deferred tax assets	<u>1,199</u>	<u>8,440</u>
Deferred tax liabilities:		
Property and equipment depreciation	(1,199)	(8,440)
Total deferred tax liabilities	<u>(1,199)</u>	<u>(8,440)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ -</u>

Note 13. Related-Party Transactions

Transactions with Ultimate Parent: The Company and its Ultimate Parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2019 and 2018, the Company had an amount due from SP EH of \$0 and \$1,058,753, respectively. As of December 31, 2019 and 2018, the Company had an amount due to SP EH of \$1,173,677 and \$0, respectively.

Transactions with Parent: The Company and its Parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2019 and 2018, the Company had an amount due from SP IP of \$2,507,957 and \$751,207, respectively.

SP Franchising LLC

Notes to Financial Statements

Note 14. Commitments and Contingencies

Lease obligations: On February 5, 2015, the Company entered into a lease agreement for its office facilities in Colorado under an operating lease that expires in 2020. The Company leases office facilities and equipment under operating leases that expire through 2022. For the years ended December 31, 2019 and 2018, rent and lease expense was \$125,145 and \$125,307, respectively.

The future minimum lease payments under operating leases are as follows:

Years ending December 31:	
2020	\$ 117,112
2021	120,095
2022	121,479
Total	<u>\$ 358,686</u>

Guaranty—related party: In September 2016, SP IP entered into a revolving credit, term loan and security agreement with a bank. The maximum aggregate borrowings under the credit agreement are \$4,011,292. The Company is a guarantor of the credit agreement and shall be obligated under the agreement in the event of a default.

Legal: Various legal actions and claims which have arisen in the normal course of business are pending against the Company from time to time. It is the opinion of management that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Supplemental Financial Information

SP Franchising LLC

Other General and Administrative Expenses
Years Ended December 31, 2019 and 2018

	2019	2018
Auto expense	\$ 2,954	\$ 10,314
Bank charges	2,213	1,780
Dues and subscriptions	2,409	13,424
Educational and training	11,802	42,207
Insurance	39,477	25,680
Licenses and fees	13,731	23,574
Meals and entertainment	26,459	17,859
Miscellaneous	101,819	12,235
Office expense	86,697	71,499
Property and other taxes	3,579	9,129
Telephone and internet	27,251	24,595
Travel	204,633	42,189
Total other general and administrative expenses	\$ 523,024	\$ 294,485

SP Franchising LLC

Financial Statements
December 31, 2018 and 2017

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Independent Auditor's Report

RSM US LLP

Audit Committee
SP Franchising LLC

Report on the Financial Statements

We have audited the accompanying financial statements of SP Franchising LLC (the Company), which comprise the balance sheet as of December 31, 2018, the related statements of operations, changes in member's equity and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SP Franchising LLC as of December 31, 2018, 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.

Other Matters

The financial statements of the Company, as of and for the year ended December 31, 2017, were audited by other auditors, whose report, dated April 17, 2018, expressed an unmodified opinion on those statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended December 31, 2018, as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information for the year ended December 31, 2018, has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information for the year ended December 31, 2018, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information for the year ended December 31, 2017, was audited by other auditors, whose report, dated April 17, 2018, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

RSM US LLP

Denver, Colorado
April 22, 2019

SP Franchising LLC

Balance Sheets

December 31, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 201,055	\$ 1,120,501
Restricted cash—marketing fund	289,748	380,788
Accounts receivable, net	347,750	341,027
Prepaid expenses	106,994	81,087
Deferred costs	249,728	476,048
Due from ultimate parent	1,058,753	1,429,191
Due from parent	751,207	688,564
Total current assets	3,005,235	4,517,206
Property and equipment, net	81,121	88,253
Goodwill, net	4,719,158	5,608,168
Intangible assets, net	1,702,283	1,728,378
Deferred tax assets	-	312,484
Deposit	10,165	7,592
Total assets	\$ 9,517,962	\$ 12,262,081
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 237,034	\$ 386,367
Accrued expenses	156,914	356,910
Advertising and promotion fund payable	289,748	414,068
Deferred revenue	397,100	1,555,378
Income tax payable	-	100,745
Current portion of long-term debt	264,499	136,250
Current portion of subordinated long-term debt	333,332	333,332
Total current liabilities	1,678,627	3,283,050
Long-term debt, net of current portion	216,188	169,298
Subordinated long-term debt, net of current portion	750,005	1,083,337
Total liabilities	2,644,820	4,535,685
Commitments and contingencies (Note 14)		
Member's equity	6,873,142	7,726,396
Total liabilities and member's equity	\$ 9,517,962	\$ 12,262,081

See notes to financial statements.

SP Franchising LLC

Statements of Operations

Years Ended December 31, 2018 and 2017

	2018	2017
Revenues:		
Franchise fee revenue	\$ 613,800	\$ 595,800
Royalty revenue	3,390,091	3,117,771
Studio build out revenue	2,234,128	1,870,478
Equipment and supply revenue	232,491	264,201
Other revenue	622,952	535,749
Total revenues	7,093,462	6,383,999
Cost of revenues	3,347,582	2,913,758
Gross profit	3,745,880	3,470,241
General and administrative expenses:		
Marketing and advertising	291,430	217,831
Amortization and depreciation	1,092,145	1,056,778
Impairment on intangibles	289,650	-
Franchise development	844,538	960,810
Personnel costs	1,117,381	900,966
Professional fees	169,115	104,954
Rent and lease expense	126,555	104,957
Other general and administrative expenses	294,485	168,754
Total general and administrative expenses	4,225,299	3,515,050
Loss from operations	(479,419)	(44,809)
Other expense:		
Interest expense	(116,072)	(132,557)
Other expense	(43,824)	(212,620)
Total other expense	(159,896)	(345,177)
Net loss before (expense) benefit from income taxes	(639,315)	(389,986)
(Expense) benefit from income taxes	(213,939)	211,739
Net loss	\$ (853,254)	\$ (178,247)

See notes to financial statements.

SP Franchising LLC

**Statements of Changes in Member's Equity
Years Ended December 31, 2018 and 2017**

	2018	2017
Beginning member's equity	\$ 7,726,396	\$ 7,904,643
Net loss	(853,254)	(178,247)
Ending member's equity	\$ 6,873,142	\$ 7,726,396

See notes to financial statements.

SP Franchising LLC

Statements of Cash Flows Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Net loss	\$ (853,254)	\$ (178,247)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Amortization and depreciation	1,092,145	1,056,778
Impairment on intangibles	289,650	-
Deferred income taxes	312,484	(312,484)
(Increase) decrease in discount on long-term debt	14,930	16,584
Changes in operating assets and liabilities:		
Restricted cash	91,040	(37,924)
Accounts receivable	(6,723)	(32,024)
Prepaid expenses	(25,907)	67,256
Deferred costs	226,320	(137,068)
Due from ultimate parent	370,438	(25,621)
Due from parent	(62,643)	(292,296)
Deposit	(2,573)	-
Accounts payable	(149,333)	258,087
Accrued expenses	(199,996)	238,902
Deferred revenue	(1,158,278)	368,528
Advertising and promotion fund payable	(124,320)	96,176
Income tax payable	(100,745)	100,745
Net cash (used in) provided by operating activities	(286,765)	1,187,392
Cash flows from investing activities:		
Purchase of property and equipment	(30,568)	(8,210)
Purchase of intangible assets	(55,000)	(20,000)
Net cash used in investing activities	(85,568)	(28,210)
Cash flows from financing activities:		
Payments on long-term debt	(213,781)	(157,707)
Payments on subordinated long-term debt	(333,332)	(333,332)
Net cash used in financing activities	(547,113)	(491,039)
Net (decrease) increase in cash and cash equivalents	(919,446)	668,143
Cash and cash equivalents:		
Beginning of year	1,120,501	452,358
End of year	\$ 201,055	\$ 1,120,501
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 86,698	\$ 132,557
Cash paid for income taxes	\$ 2,200	\$ -
Long-term debt issued in connection with the purchase of intangible assets	\$ 373,990	\$ 324,611

See notes to financial statements.

SP Franchising LLC

Notes to Financial Statements

Note 1. Organization and Operations

SP Franchising LLC (SPF or the Company) is a limited liability company operating under the laws of the State of Delaware. The Company was formed on April 8, 2014 (inception). The Company is a wholly owned subsidiary of SP IP LLC (SP IP or the Parent), which is a wholly owned subsidiary of SP Equity Holdings LLC (SP EH or the Former Ultimate Parent) through March 19, 2017, and was formed in conjunction with the acquisition of the Speedpro Imaging franchise system. On April 21, 2014, the Company acquired substantially all of the assets of the Speedpro Imaging franchise system. Subsequent to the completion of this acquisition the Company assigned the acquired intellectual property, trade names and noncompete agreement to the Parent, SP IP, at the allocated acquisition price. On March 19, 2017, Fairfield SPF, Inc. (Fairfield or Ultimate Parent) acquired all of the outstanding membership units of the Company's Former Ultimate Parent. The Company is a wholly owned subsidiary of Fairfield SPF, Inc. effective on March 19, 2017.

The Company is in the business of granting franchises for the establishment and operation of retail centers of premium, large scale printing, reprographics and related services under the service mark "Speedpro Imaging". The Company's headquarters are in Centennial, Colorado.

During the years ended December 31, 2018 and 2017, 12 and nine franchise outlets were opened, six and nine franchise outlets were closed, respectively. As of December 31, 2018 and 2017, there were 130 and 124 franchise outlets in operation, respectively. As of December 31, 2018, these franchisees were located in 31 states in the United States.

SP IP licensed the trademarks and other intellectual property relating to the Speedpro Imaging franchise system to the Company under a revocable royalty-free perpetual license agreement (the License). The License grants the Company the right to use this trademark and other intellectual property for licensing them to franchisees of the Company in the United States.

Note 2. Significant Accounting Policies

Basis of accounting: The Company uses the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (U.S. GAAP). Under this method, revenue is recognized when earned and expenses are recognized as incurred.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates made by management include the allowance for doubtful accounts receivable. Actual results could differ from these estimates.

Cash and cash equivalents: For purposes of reporting cash flows, all highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Restricted cash: Restricted cash consists of contributions to the advertising and promotion fund by the Company's franchisees and advances from the Company's general operating account. These funds are restricted for the purpose of satisfying costs of maintaining, administering, directing, conducting and preparing advertising, marketing and/or promotional materials and any other activities.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Accounts receivable: Accounts receivable consist primarily of royalty and other fees due from franchisees, less an allowance for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts aged longer than thirty days are considered past due. No interest is charged on outstanding receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for doubtful accounts. Recoveries of amounts written off are recorded when received.

Property and equipment: Property and equipment is stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Furniture and fixtures	5-7 years
Equipment	5 years
Vehicles	5 years
Leasehold improvements	Shorter of estimated useful life or life of lease

Maintenance and repair costs are expensed in the period incurred. Expenditures for purchases and improvements that extend the useful lives of property and equipment are capitalized.

Goodwill: The Company accounts for goodwill under *FASB Accounting Standards Codification* (ASC) Topic 350, Intangibles—Goodwill and Other (ASC 350). The Company elected the accounting alternative provided in Accounting Standards Update (ASU) No. 2014-02, *Intangibles—Goodwill and Other (Topic 350): Accounting for Goodwill* (ASU 2014-02), issued by the Financial Accounting Standards Board (FASB). Under this accounting alternative, goodwill is amortized on a straight-line basis over a period of 10 years. In addition, the accounting alternative requires the Company to test its goodwill for impairment only upon the occurrence of an event or circumstances that may indicate the fair value of the entity is less than its carrying value, and the Company has elected to perform this test at the entity level pursuant to the accounting alternative. If events or circumstances are present that may indicate the fair value of the entity is less than its carrying value, the estimated fair value of the Company is compared to its carrying amount, and an impairment loss is recognized for the excess of the carrying amount over fair value (if any), not to exceed the carrying amount of goodwill. The Company concluded there were no indicators of impairment identified during the years ended December 31, 2018 and 2017.

Intangible assets: Intangible assets are stated at cost less accumulated amortization. The franchise agreements intangible which consist of regional developer repurchases and master development agreements and franchise agreements identified at the acquisition of the Company on April 21, 2014. Amortization is computed using the straight-line method over the following estimated useful lives of the respective asset:

	<u>Estimated Useful Life</u>
Software	3 years
Franchise agreements	9 to 22 years

Note 2. Significant Accounting Policies (Continued)

Impairment of long-lived assets: The Company assesses potential impairment of its long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors that the Company considers important which could trigger an impairment review include, but are not limited to, significant under-performance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the strategy for the Company's overall business, and significant industry or economic trends. When the Company determines that the carrying value of the long-lived assets may not be recoverable based upon the existence of one or more of the above indicators, the Company determines the recoverability by comparing the carrying amount of the asset to net future undiscounted cash flows that the asset is expected to generate. If the carrying value is not recoverable, an impairment is recognized in the amount by which the carrying amount exceeds the fair value of the asset. During the year ended December 31, 2018, impairment charges were recognized related to long-lived assets, specifically to master development agreements and the repurchases of the agreements. There was no impairment during 2017.

Advertising and promotion fund: The franchise operating agreements provide for a marketing assessment of up to 2 percent of the franchisees' gross receipts payable to a system-wide advertising and promotion fund. Beginning in May 2017, new franchise operating agreements provide for a grand opening advertising campaign of \$10,000 payable to an advertising and promotion fund when a franchisee signs the Franchise Agreement. The revenues and expenses of the advertising and promotion fund are not included in the statements of operations, but are included in the statements of cash flows, indicated as restricted, refer to Note 8. The Company administers the fund and uses the fund to satisfy the cost of producing, maintaining, administering and directing consumer advertising and development costs, and grand opening advertising campaign costs.

Revenue recognition: The Company recognizes revenue in accordance with ASC 952-605-25, Accounting for Franchise Fee Revenue.

The Company recognizes franchise fee revenue when all material services or conditions relating to the sale have been substantially performed or satisfied by the Company. The agreements require the Company to provide training, manuals and opening assistance to the franchisee prior to the commencement of franchise operations. Initial fees for which required services have not been substantially performed are classified as deferred revenue on the balance sheet.

The Company also receives continuing royalty fees from its franchisees and recognizes this revenue in the period earned. The Company receives revenue from studio build out and sale of equipment supplied to its franchisees and recognizes this revenue in the period earned.

Deferred costs: Deferred costs relate to commissions and build out expenses incurred during the initial phase of franchisee set-up. Commissions are due upon invoice submission from the broker which occurs shortly after the franchise agreement is signed and the initial franchise fee is paid. These costs are nonrefundable. The entity does not recognize the expense related to commissions until the training and opening of the franchisee location occurs. Build out expenses relate to equipment, furniture and other supplies needed to set up the franchisee location. The franchisee will pay an initial startup package to the Company subsequent to signing the franchise agreement and lease which is reflected as deferred revenue. Upon receipt of all the required and ordered items to the franchisee location, the studio build out revenue is recognized and the deferred costs are expensed.

Advertising: All costs associated with advertising and marketing are expensed in the period incurred.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

Income tax status: The Company is a single member Limited Liability Company and, as such, is treated as a division of its Ultimate Parent for federal income tax purposes. Because of its status, the Company is disregarded as a separate entity for income tax purposes, therefore the Company itself does not file an income tax return separate and apart from its Ultimate Parent. The Company has elected to reflect a tax provision as it is a member of the consolidated group tax return filed by the Ultimate Parent. The Company will be responsible for their share of related income tax expense reported in the consolidated tax return. As such, the Company computes deferred income tax assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The Company recognizes income tax related interest and penalties, if any, in interest expense and other general and administrative expenses, respectively.

Reclassifications: Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications had no effect on reported net loss or member's equity.

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supersedes the current revenue recognition guidance, including industry-specific guidance. The guidance introduces a five-step model to achieve its core principal of the entity recognizing revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the FASB issued ASU No. 2016-08, *Revenue from Contracts with Customers: Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*. ASU 2016-08 provides specific guidance to determine whether an entity is providing a specified good or service itself or is arranging for the good or service to be provided by another party. In April 2016, the FASB issued ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*. ASU 2016-10 provides clarification on the subjects of identifying performance obligations and licensing implementation guidance. In December 2016, the FASB issued ASU No. 2016-20, *Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers*. ASU 2016-20 provides corrections or improvements on 13 issues that affect narrow aspects of the guidance issued in Topic 606.

The requirements for these standards relating to Topic 606 will be effective for interim and annual periods beginning after December 15, 2018 (January 1, 2019 for the Company). The Company expects to adopt these standards upon their effective date. We are currently evaluating the impact on our financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. ASU 2016-02 requires for lease arrangements spanning more than 12 months, an entity to recognize an asset and liability. The updated guidance is effective for interim and annual periods beginning after December 15, 2019, and early adoption is permitted. We believe the adoption of ASU 2016-02 will materially impact our financial statements by significantly increasing our noncurrent assets and noncurrent liabilities on our balance sheets in order to record the right of use assets and related lease liabilities for our existing operating leases. We are currently unable to estimate the impact on our financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Payments*. ASU 2016-15 provides guidance on eight specific cash flow issues with the objective of reducing diversity in practice. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for any entity in any interim or annual period. We are currently evaluating the impact of the guidance, but do not believe it will materially impact our financial statements.

SP Franchising LLC

Notes to Financial Statements

Note 2. Significant Accounting Policies (Continued)

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows: Restricted Cash*. ASU 2016-18 provides guidance on the presentation of restricted cash or restricted cash equivalents in the statement of cash flows. The guidance is effective for interim and annual periods beginning after December 15, 2018. Early adoption is permitted for any entity in any interim or annual period. We are currently evaluating the impact of the guidance, but do not believe it will materially impact our financial statements.

We reviewed all other significant newly-issued accounting pronouncements and concluded that they either are not applicable to our operations or that no material effect is expected on our financial statements as a result of future adoption.

Subsequent events: The Company has evaluated subsequent events through April 22, 2019, the date on which the financial statements were available to be issued and concluded that there are no subsequent events that require disclosure.

Note 3. Certain Significant Risks and Uncertainties

The Company maintains its cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash or cash equivalents. The Company maintains its deposits with one financial institution.

Note 4. Accounts Receivable

Accounts receivable consisted of the following at December 31:

	2018	2017
Royalties receivable	\$ 245,094	\$ 247,604
Franchise fees receivable	30,025	36,025
Franchise advertising and promotion fund receivables	47,248	49,251
Other receivable	25,383	8,147
Less allowance for doubtful accounts	-	-
Accounts receivable, net	<u>\$ 347,750</u>	<u>\$ 341,027</u>

For the years ended December 31, 2018 and 2017, bad debt expense related to accounts receivable was \$4,621 and \$0, respectively.

SP Franchising LLC

Notes to Financial Statements

Note 5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2018	2017
Furniture and fixtures	\$ 67,418	\$ 49,663
Equipment	112,203	104,709
Vehicles	28,000	28,000
Leasehold improvements	13,356	8,037
	<u>220,977</u>	<u>190,409</u>
Less accumulated depreciation	(139,856)	(102,156)
Property and equipment, net	<u>\$ 81,121</u>	<u>\$ 88,253</u>

For the years ended December 31, 2018 and 2017, depreciation expense was \$37,700 and \$34,057, respectively.

Note 6. Goodwill

The changes in the carrying amount of goodwill for the years ended December 31, 2018 and 2017, are as follows:

	2018	2017
Balance at beginning of year:		
Goodwill	\$ 8,890,096	\$ 8,890,096
Accumulated amortization	(3,281,928)	(2,392,918)
	<u>5,608,168</u>	<u>6,497,178</u>
Changes in goodwill:		
Amortization	(889,010)	(889,010)
Balance at end of year:		
Goodwill	8,890,096	8,890,096
Accumulated amortization	(4,170,938)	(3,281,928)
	<u>\$ 4,719,158</u>	<u>\$ 5,608,168</u>

For the years ended December 31, 2018 and 2017, amortization expense was \$889,010.

SP Franchising LLC

Notes to Financial Statements

Note 7. Intangible Assets

Intangible assets, are as follows at December 31, 2018:

	Weighted Average Amortization Period	Cost	Accumulated Amortization	Net
Franchise agreements	14 years	\$ 2,139,929	\$ (437,646)	\$ 1,702,283
Software		-	-	-
Balance, end of year		<u>\$ 2,139,929</u>	<u>\$ (437,646)</u>	<u>\$ 1,702,283</u>

Intangible assets, are as follows at December 31, 2017:

	Weighted Average Amortization Period	Cost	Accumulated Amortization	Net
Franchise agreements	14 years	\$ 2,142,813	\$ (414,435)	\$ 1,728,378
Software	3 years	3,649	(3,649)	-
Balance, end of year		<u>\$ 2,146,462</u>	<u>\$ (418,084)</u>	<u>\$ 1,728,378</u>

For the years ended December 31, 2018 and 2017, amortization expense was \$165,435 and \$133,711, respectively.

Future aggregate amortization expense is as follows:

Years ending December 31:	
2019	\$ 135,229
2020	135,229
2021	135,229
2022	135,229
2023	135,229
Thereafter	1,026,138
Total	<u>\$ 1,702,283</u>

Note 8. Advertising and Promotion Fund

For the years ended December 31, 2018 and 2017, the Company recognized advertising and marketing expense of \$291,430 and \$217,831, respectively.

During the years ended December 31, 2018 and 2017, the advertising and promotion fund payable activity was as follows:

	2018	2017
Balance at beginning of year	\$ 414,068	\$ 317,892
Advertising and promotion fund receipts	786,932	765,928
Advertising and promotion fund disbursements	(911,252)	(669,752)
Balance at end of year	<u>\$ 289,748</u>	<u>\$ 414,068</u>

SP Franchising LLC

Notes to Financial Statements

Note 8. Advertising and Promotion Fund (Continued)

For the years ended December 31, 2018 and 2017, the Company had combined advertising and marketing expense and disbursements related to the advertising and promotion fund in the amount of \$1,202,682 and \$887,583, respectively.

Note 9. Deferred Revenue

Deferred revenue consisted of the following at December 31:

	2018	2017
Deferred revenue—franchise fees	\$ 199,600	\$ 444,100
Deferred revenue—studio build out	119,000	1,077,028
Deferred revenue—convention sponsorship	78,500	34,250
Deferred revenue	<u>\$ 397,100</u>	<u>\$ 1,555,378</u>

Note 10. Subordinated Long-Term Debt

In conjunction with the acquisition of assets, the Company entered into a promissory note payable to the sellers. The note is subordinate to a revolving credit, term loan and security agreement for which the Company is a guarantor (See Note 14).

	2018	2017
Subordinated note payable, subordinated to long-term debt of SP EH, with interest at 8.0%, paid quarterly, principal payments to begin April 2016 in quarterly installments of \$83,333, due in April 2020.	\$ 1,083,337	\$ 1,416,669
Less current portion of subordinated long-term debt	(333,332)	(333,332)
Subordinated long-term debt, net	<u>\$ 750,005</u>	<u>\$ 1,083,337</u>

Future maturities of subordinated long-term debt for the years following December 31, 2018, are as follows:

Years ending December 31:	
2019	\$ 333,332
2020	750,005
	<u>\$ 1,083,337</u>

SP Franchising LLC

Notes to Financial Statements

Note 11. Long-Term Debt

Master development agreements are rights granted by the Company to developers to establish franchisees for a geographical region in return for net franchise fees and a stated percentage of royalty fees. In 2018 the Company reacquired three master developer franchise agreements and entered into promissory notes payable to the sellers bearing interest at 0.0 percent and have repayment terms ranging from 21 to 36 months in length. In 2017 the Company reacquired four master developer franchise agreements and entered into promissory notes payable to three sellers bearing interest at 0.0 percent and have repayment terms ranging from 21 to 23 months in length. The long-term debt to master franchisees do not have a stated interest rate. In accordance with ASC 835-30-35, Interest on Receivables and Payables, the effective rate of interest on these long-term debts was determined to be 5.4 percent. The long-term debt discount relates to this imputed interest.

	2018	2017
Note payable, unsecured, in quarterly installments of \$7,500 due in September 2018.	\$ -	\$ 22,500
Note payable, unsecured, in quarterly installments of \$8,750 due in September 2018.	-	26,250
Note payable, unsecured, in quarterly installments of \$8,750 due in February 2019.	8,750	43,750
Note payable, unsecured, in quarterly installments of \$5,625 due in March 2019.	5,625	28,125
Note payable, unsecured, in quarterly installments of \$15,000 for first three quarters starting September 2018, and quarterly installments of \$35,000 for the following four quarters with a final payment of \$24,611, due in June 2020.	179,611	209,611
Note payable, unsecured, in one payment of \$25,000 due in August 2020.	25,000	-
Note payable, unsecured, in quarterly installments of \$17,500 due in November 2020.	122,500	-
Note payable, unsecured, in quarterly installments of \$15,031 due in December 2021.	165,341	-
Long-term debt	506,827	330,236
Less discount on long-term debt	(26,140)	(24,688)
Less current portion of long-term debt	(264,499)	(136,250)
Long-term debt, net	\$ 216,188	\$ 169,298

Future maturities of long-term obligations for the years following December 31, 2018, are as follows:

Years ending December 31:	
2019	\$ 264,499
2020	197,235
2021	45,093
Total	\$ 506,827

SP Franchising LLC

Notes to Financial Statements

Note 12. Income Taxes

The Company's Ultimate Parent, Fairfield, files income tax returns in the U.S. federal jurisdiction, and various states. The Company is subject to routine audits by taxing jurisdictions for all periods from inception.

In accordance with ASC 740-10, Income Taxes, the Company is required to disclose uncertain tax positions. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Company has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Company believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Company's financial condition, results of operations or cash flows. Accordingly, the Company has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2018 and 2017.

The Company has net operating loss carryforwards of approximately \$51,000 and \$0 as of December 31, 2018 and 2017, respectively. The available net operating losses recognized by the Company in 2018 will not expire.

In assessing the recoverability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. Management believes it is more likely than not that the benefits of the deferred tax assets will not be realized and has recorded a valuation allowance.

The provision for income taxes consists of the following for the years ended December 31:

	2018	2017
Federal	\$ 241,650	\$ (154,823)
State	(27,711)	(56,916)
Total current expense (benefit) from income taxes	213,939	(211,739)
Current	(98,545)	100,745
Deferred	312,484	(312,484)
Total deferred expense (benefit) from income taxes	\$ 213,939	\$ (211,739)

SP Franchising LLC

Notes to Financial Statements

Note 12. Income Taxes (Continued)

The following is a reconciliation of the expected federal income taxes benefit at the statutory rate of 21 percent to the actual benefit from income taxes for the years ended December 31:

	2018	2017
Expected tax benefit at statutory rates		
Benefit for income taxes of U.S. statutory rate	\$ (134,256)	\$ (10,532)
State taxes, net of federal income benefit	(21,892)	(37,565)
Meals and entertainment	2,132	2,816
Return to provision	(115,726)	-
Intangible assets and goodwill	-	(332,557)
Change in valuation allowance	467,537	-
Property and equipment	-	17,748
Change in tax law	-	148,351
Change in deferred state tax rate	16,144	-
Expense (benefit) from income taxes	<u>\$ 213,939</u>	<u>\$ (211,739)</u>

Temporary differences comprising the net deferred tax assets on the accompanying balance sheets are as follows as of December 31:

	2018	2017
Deferred tax assets:		
Net operating losses	\$ 12,511	\$ -
Intangible assets	463,466	322,534
Less valuation allowance	(467,537)	-
Total deferred tax assets	<u>8,440</u>	<u>322,534</u>
Deferred tax liabilities:		
Property and equipment depreciation	(8,440)	(10,050)
Total deferred tax liabilities	<u>(8,440)</u>	<u>(10,050)</u>
Net deferred tax asset	<u>\$ -</u>	<u>\$ 312,484</u>

The Tax Cuts and Jobs Act (the Act) was signed into law on December 22, 2017. Among its numerous changes to the Internal Revenue Code, the Act reduces U.S. corporate rates from 34 percent to 21 percent. Additionally, the Act limits the use of net operating loss carry backs, however any future net operating losses will instead be carried forward indefinitely. Only 80 percent of current income will be able to be offset with a net operating loss carryforward, with the remainder of the net operating loss continuing to carry forward.

Based on an initial assessment of the Act, the Company believes that the most significant impact on the Company's financial statements will be the increase of deferred tax assets related to intangible assets and goodwill.

SP Franchising LLC

Notes to Financial Statements

Note 13. Related-Party Transactions

Transactions with Ultimate Parent: The Company and its Ultimate Parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2018 and 2017, the Company had an amount due from SP EH of \$1,058,753 and \$1,429,191, respectively.

Transactions with Parent: The Company and its Parent frequently advance funds and pay expenses on behalf of one another for payment of general and administrative expenses. As of December 31, 2018 and 2017, the Company had an amount due from SP IP of \$751,207 and \$688,564, respectively.

Note 14. Commitments and Contingencies

Lease obligations: On February 5, 2015, the Company entered into a lease agreement for its office facilities in Colorado under an operating lease that expires in 2020. The Company leases office facilities and equipment under operating leases that expire through 2021. For the years ended December 31, 2018 and 2017, rent and lease expense was \$125,307 and \$104,091, respectively.

The future minimum lease payments under operating leases are as follows:

Years ending December 31:

2019	\$ 114,403
2020	117,385
2021	120,368
Total	<u>\$ 352,156</u>

Guaranty—related party: In September 2016, SP IP entered into a revolving credit, term loan and security agreement with a bank. The maximum aggregate borrowings under the credit agreement are \$4,011,292. The Company is a guarantor of the credit agreement and shall be obligated under the agreement in the event of a default.

Legal: Various legal actions and claims which have arisen in the normal course of business may be pending against the Company from time to time. It is the opinion of management that the ultimate resolution of these contingencies will not have a material effect on the financial condition, results of operations or liquidity of the Company.

Supplemental Financial Information

SP Franchising LLC

Other General and Administrative Expenses
Years Ended December 31, 2018 and 2017

	2018	2017
Auto expense	\$ 10,314	\$ 6,441
Bank charges	1,780	2,661
Dues and subscriptions	13,424	21,431
Educational and training	42,207	3,340
Insurance	25,680	24,954
Licenses and fees	23,574	6,465
Meals and entertainment	17,859	12,548
Miscellaneous	12,235	6,340
Office expense	71,499	40,126
Property and other taxes	9,129	17,431
Telephone and internet	24,595	16,757
Travel	42,189	10,260
Total other general and administrative expenses	\$ 294,485	\$ 168,754

**Exhibit D
to SP Franchising LLC
Franchise Disclosure Document**

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**Exhibit E
to SP Franchising LLC
Franchise Disclosure Document**

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (Exhibit only, to be completed by Franchisee's employees, not signed here.)

THIS AGREEMENT MADE this the _____ day of _____, 20____, by and between _____ dba SpeedPro Imaging ("**Company**") and _____ ("**Employee**") and

WHEREAS, Employee desires to be employed by Company in a capacity in which he may receive, contribute, or develop Confidential and Proprietary Information;

WHEREAS, access, contribution and/or development of such information is necessary in order for Employee to perform his duties in a professional manner;

WHEREAS, such information is important to the future of the Company and the Company expects the Employee to keep secret such proprietary and confidential information and not to compete with the Company during his employment and for a reasonable period after employment.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Definitions. As used in this Agreement:

a. "**Company**" shall mean _____ dba SpeedPro Imaging, as Franchisee of SP Franchising LLC, its successors and assigns, and any of their present or future subsidiaries or organizations controlled by, controlling, or under common control with them.

b. "**Affiliate**" shall mean any person, corporation, partnership or other entity with which joint enterprises are carried on with the Company or in which the Company has any interest.

c. "**Confidential and Proprietary Information**" shall mean any and all information disclosed or made available to the Employee or known by the Employee as a direct or indirect consequence of or through his employment by the Company and not generally known in the industry in which the Company is or may become engaged, including, but not limited to, clients and brokers, marketing plans, product development, plans, publications, equipment, and financial information, and any information related to the Company's and its Affiliate's products, devices, structures, processes, procedures, methods, formulae, techniques, services, or finances including, but not limited to, information relating to research, development, Inventions, manufacture, purchasing, accounting, engineering, marketing, merchandising, or selling.

2. Non-Disclosure of Confidential Information. Except as required in the performance of his duties to the Company, during the term of his employment and for a period of five (5) years after termination of such employment, Employee shall treat as confidential and shall not, directly or indirectly, use, disseminate, disclose, publish, or otherwise make available to any person, firm, corporation, unincorporated association or other entity any Confidential and Proprietary Information or any portion thereof. Upon termination of his employment with the Company, all papers, documents, records, lists, notebooks, files, and similar items containing Confidential and Proprietary Information, including copies thereof, then in the Employee's possession, whether prepared by him or others, shall be promptly returned to the Company. If at any time after the termination of employment, the Employee determines that he has any Confidential and Proprietary

Information in his possession or control, he shall immediately return to the Company all such Confidential and Proprietary Information, including all copies and portions thereof.

3. Non-Competition.

a. During the term of Employee's employment with the Company and for a period of one (1) year thereafter, Employee agrees that he will not, directly or indirectly, own, operate, manage, consult with, control, participate in the management or control of, be employed by, maintain or continue any interest whatsoever in any enterprise located within the 75-mile radius of any other SpeedPro Imaging location, which provides premium, large format printing, reprographic services (reprographic services are reproductions of graphics through mechanical or electrical means, such as photography or xerography, commonly used in catalogs, archives, and the architectural, engineering, and construction industries), and related services of without the prior written consent of the Owner or President of the Company.

b. During the term of Employee's employment with the Company and for a period of two (2) years thereafter, Employee agrees that he will not solicit or contact any of the customers, clients, or employees with whom Employee has had contact during the term of his employment with the Company.

4. Employee acknowledges that his adherence to the terms of the covenants set forth in Sections 1, 2 and 3 are necessary to protect the value of Company's business, that a breach of such covenants will result in irreparable and continuing damage to the Company, and that money damages would not adequately compensate Company for any such breach and, therefore, that Company would not have an adequate remedy at law. In the event any action or proceeding shall be instituted by Company to enforce any provision of Sections 1, 2 or 3, Employee hereby waives the claim or defenses in such action that (i) money damages are adequate to compensate the Company for such breach, and (ii) there is an adequate remedy at law available to Company, and shall not urge in any such action or proceeding the claim or defense that such remedy at law exists. Company shall have, in addition to any and all remedies at law, the right, without posting of bond or other security, to an injunction, both temporary and permanent, specific performance and/or other equitable relief to prevent the violation of any obligation under Sections 2, 3 or 4. The parties agree that the remedies of Company for breach of Sections 2, 3 or 4 shall be cumulative and seeking or obtaining injunctive or other equitable relief shall not preclude the making of a claim for damages or other relief. The parties to this Agreement also agree that Company shall be entitled to such damages as Company can show it has sustained by reason of such breach. In any action brought to enforce the covenants set forth in Section 2, 3 or 4, or to recover damages for breach thereof, the Company shall be entitled to recover reasonable attorneys' fees and other expenses of litigation, together with such other and further relief as may be proper.

5. This Agreement shall be binding upon the parties hereto and upon their respective executors, administrators, legal representatives, successors, and assigns.

6. Nothing contained in this Agreement shall be construed or confer any obligation or right to employment or to continue in the employment of the Company.

7. This Agreement shall be governed by the laws of the State of Colorado, notwithstanding the fact that one (1) or more of the parties to this Agreement is now or may become a resident or citizen of a different state. It is the intent of the parties that the Agreement be enforced to the fullest extent permissible under applicable laws and public policies. The invalidity, illegality,

or unenforceability of any particular provision of this Agreement shall not affect the other provisions, and this Agreement shall be construed in all respects as if such invalid, illegal, or unenforceable provision had been omitted. If any part of this agreement is for any reason held to be excessively broad as to time, duration, geographical scope, activity, or subject, it will be construed, by limiting or reducing it, so as to be enforceable to the extent reasonably necessary for the protection of the Company.

8. Captions to and headings of the sections of this Agreement are solely for the convenience of the parties and not a part of this Agreement and shall not be used for the interpretation or determination of the validity of this Agreement or any provision hereof.

9. This Agreement shall not be amended or modified, and none of the provisions hereof shall be waived, except in writing signed on behalf of the parties hereto or, in the case of a waiver, on behalf of the party making the waiver.

10. This Agreement may be executed in any number of copies, each of which shall be deemed an original and no other copy need be produced. All pronouns and any variations thereof shall be deemed to refer to the masculine, feminine, neuter, singular, or plural as the identity of the person or persons may require.

COMPANY:

By: _____

Printed Name: _____

Title: _____

EMPLOYEE:

Signature

**Exhibit F
to SP Franchising LLC
Franchise Disclosure Document**

GENERAL RELEASE OF CLAIMS

GENERAL RELEASE OF CLAIMS

1. **Release – General Provisions.** Franchisee and each of its Principals, and all Affiliates of either of them, on their own behalf and on behalf of their respective successors, assigns, and anyone claiming through or under them (collectively referred to as the “**Releasing Parties**”), hereby waive, release, acquit, and forever discharge each and all of the Franchisor-Related Persons of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, liabilities, claims, demands, damages, losses or expenses, of any nature whatsoever, known or unknown, fixed or contingent, which they have, or may hereafter have, against the Franchisor-Related Persons, individually or collectively, including all matters, causes or things whatsoever, that were or have been, or could have in any way been alleged in any pleadings filed in any suit or arbitration (the “**Claims**”).
2. Without limiting the generality of subparagraph 1 above, the Releasing Parties intend this release, as it pertains to Claims by them or to anyone claiming through or under them, to cover, encompass, relinquish, and extinguish all Claims against the Franchisor-Related Persons, including, but not limited to, all Claims arising from any misrepresentation in or omission from any disclosure document received by Franchisee or any of its Affiliates or Principals, or from a violation of the Sherman Antitrust Act, the Federal Trade Commission Act, the Federal Trade Commission Trade Regulation Rule entitled *Disclosure Requirements and Prohibitions Concerning Franchising* (16 C.F.R. 436), any amendment or successor to any of the foregoing statutes or regulations, or any other federal or state (including, without limitation, the state in which the principal office of the Franchised Business is located and the state in which Franchisee was organized) securities, franchise, business opportunity, antitrust, consumer protection, or unfair or deceptive trade practices law or regulation.
3. The Releasing Parties expressly acknowledge and agree that the Claims each of them is releasing include any and all claims of every nature and kind whatsoever, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, accrued or contingent, intentional or unintentional, and liquidated or unliquidated. The Releasing Parties specifically waive the protection afforded by any statute or law in any jurisdiction, the purpose, substance, or effect of which is to provide that a general release does not extend to claims, material or otherwise, which do not exist or which the person giving the release does not know or suspect to exist at the time of executing the release. The Releasing Parties intend for this release to be as broad as is permitted by law and unqualifiedly general in scope and effect, and that any Claims against any of the Franchisor-Related Persons are hereby forever canceled and forgiven.
4. **Risk of Mistake.** The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by them, and it is their intention to forever settle, adjust and compromise any and all present and future disputes with respect to all matters from the beginning of time to the date of this document, finally and forever, and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action that exist, or might have existed, on the date of this release. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this release as the Releasing Parties, in their independent judgment, believe necessary or appropriate. The Releasing Parties have not relied on any statement, promise, or representation, whether of fact or law, or lack of disclosure of any fact or law, by the Franchisor-Related Persons or anyone else, not expressly set forth herein, in executing this document and the related releases.

5. No Assignment or Transfer of Interest. The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons, all Claims having been fully and finally extinguished, and the Releasing Parties shall forever indemnify and hold the Franchisor-Related Persons harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons as a result of any Person asserting any interest in any of the Claims or any voluntary, involuntary or other assignment or transfer, or any rights or claims under any assignment, transfer, or otherwise. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons as a condition precedent to recovery against the Releasing Parties under this indemnity.
6. Attorneys' Fees. If the Releasing Parties, or any Person acting for or on behalf of, the Releasing Parties or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit or other legal or equitable proceeding arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against all or any of the Franchisor-Related Persons any of the Claims released hereunder, the Releasing Parties shall pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons in defending or otherwise responding to said suit or assertion, directly to the Franchisor-Related Persons incurring such costs.
7. Date of Releases; Joint and Several Liability. The releases granted hereunder will be deemed effective as to each of the Releasing Parties as of the date this document is signed by each of the Releasing Parties. The liabilities and obligations of each of the Releasing Parties (and any other Person providing releases to the Franchisor-Related Persons) will be joint and several.
8. In this document, the term "**Franchisor-Related Persons**" means Franchisor and each and all of the following, whether past, current, or future: persons acting through, in concert with Franchisor, or as affiliates of Franchisor or of any of the foregoing; partners, members, shareholders, officers, directors, agents, attorneys, accountants, and employees of Franchisor or any of the foregoing; and predecessors, successors, or assigns of Franchisor or any of the foregoing. The word "**person**" includes individuals, corporations, limited liability companies, partnerships of any kind, unincorporated associations, joint ventures, governments, governmental bodies or agencies, commissions, estates, trusts, charitable organizations, and all other entities and organizations of any kind.
9. Defined Terms. Capitalized words that are not defined in this document are used as defined in the franchise agreement between Franchisee and Franchisor.

SP FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

**Exhibit G
to SP Franchising LLC
Franchise Disclosure Document**

FRANCHISEE LIST

Franchisees as of December 31, 2019

Franchisee Name	Address	City	State	Zip	Phone Number	Email
ALABAMA						
Rob Dowda	100 Oxmore Road, Suite 106	Birmingham	AL	35209	(205) 370-2775	rdowda@speedpro.com
ARIZONA						
Eric Reber	1025 N McQueen Rd #155	Gilbert	AZ	85233	(480) 892-2411	ereber@speedpro.com
Joe & Rebecca Coltman	4204 East Indian School Rd	Phoenix	AZ	85018	(602) 445-7420	jcoltman@speedpro.com rcoltman@speedpro.com
Bill & Brenda Doeksen	2350 W. Mission Lane Suite 1	Phoenix	AZ	85021	(480) 498-3401	bdoeksen@speedpro.com brendadoeksen@speedpro.com
Borg & Ann Siburg*	15855 N. Greenway Hayden Loop, Suite 180	Scottsdale	AZ	85260	(480) 998-1510	bsiburg@speedpro.com asiburg@speedpro.com
Cheryl Owen Jason Bressler	5861 S Kyrene Rd #16	Tempe	AZ	85283	(480) 248-8848	cowen@speedpro.com jbressler@speedpro.com
Jeffery & Tammy Sargent	4221 S Santa Rita Ave #107	Tucson	AZ	85714	(520) 889-5868	jsargent@speedpro.com tsargent@speedpro.com
CALIFORNIA						
Carrie Ericson & Ed Owens	1734 Clement Ave	Alameda	CA	94501	(510) 246-8643	cericson@speedpro.com eowens@speedpro.com
Reed Larson	3555 Harbor Gateway South Suite D	Costa Mesa	CA	92626	(714) 486-2182	rlarson@speedpro.com
Tom Kresnicka	3935 Sepulveda Blvd	Culver City	CA	90230	(310) 390-1469	tkresnicka@speedpro.com
Edward Yu	17660 Newhope St Suite E	Fountain Valley	CA	92708	(714) 885-8895	eyu@speedpro.com
Tom James	4900 San Fernando Rd	Glendale	CA	91201	(818) 243-1872	tjames@speedpro.com
Hugh & Colleen Wolf	3744 Industry Ave #403	Lakewood	CA	90712	(562) 427-2150	hwolf@speedpro.com
Pat Moore	23382 Madero, Suite M	Mission Viejo	CA	92691	(949) 716-5988	pmoore@speedpro.com
Todd & Tami Maggio	3140 Gold Camp Drive #60	Rancho Cordova	CA	95670	(916) 851-1115	tmaggio@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
Annette Vernon & Paul Reinhardt	551 Taylor Way #1	San Carlos	CA	94070	(650) 596-3444	preinhardt@speedpro.com
Kris & Melissa Ukkestad	8515 Arjons Dr Suite A	San Diego	CA	92126	(800) 457-3180	Kukkestad@speedpro.com
Dan Pickett	6354 Riverdale St	San Diego	CA	92120	(619) 677-3634	dpickett@speedpro.com
Steve Moran-Cassese	1495 Francisco Blvd East Suite A	San Rafael	CA	94901	(415) 457-7333	smorancassese@speedpro.com
Jeff & Cathy Bricker	1455 N Dutton Ave Suite D	Santa Rosa	CA	95401	(707) 755-3151	jbricker@speedpro.com
Greg & Sonya Porth	1101 W 190 th Street, Unit A	Los Angeles	CA	90248	(310) 787-8111	cbricker@speedpro.com
						gporth@speedpro.com
Rand & Lorna Scherff	15031 Parkway Loop Suite A	Tustin	CA	92780	(714) 258-7223	rscherff@speedpro.com
						lscherff@speedpro.com
COLORADO						
Greg Ellison	6706 E. 47th Avenue Drive	Denver	CO	80216	(303) 426-4199	gellison@speedpro.com
Brad Vermilyea	3535 South Platte River Drive Suite K	Englewood	CO	80110	(303) 796-7200	bvermilyea@speedpro.com
Bill Landow	7808 Cherry Creek South Drive Suite 207	Denver	CO	80231	(303) 550-0872	blandow@speedpro.com
Matt & Kelly Kettler	1304 Duff Dr #1	Fort Collins	CO	80524	(970) 689-3293	mkettler@speedpro.com
						kkettler@speedpro.com
Steve & Jean Jaszai	425 West 115th Avenue, Unit 3	Northglenn	CO	80234	(303) 632-5545	sjaszai@speedpro.com
						jjaszai@speedpro.com
DELAWARE						
Madison Bailey	401 East Marsh Lane #3	Wilmington	DE	19804	(302) 999-8162	madisonb@speedpro.com
FLORIDA						
Rick Concotelli	5906 Breckenridge Parkway Suite E	Tampa	FL	33610	(813) 542-1955	Dan rconcotelli@speedpro.com
Daniel Bernal	11341 Interchange Circle S	Miramar	FL	33025	(954) 534-9503	dbernal@speedpro.com
Mike & Denise Retherford*	2100 Principal Row #405	Orlando	FL	32837	(407) 854-4003	mretherford@speedpro.com
Dan Paris & Nathan Paris	1020 Holland Drive, Suite 119	Boca Raton	FL	33487	(561) 990-1194	dparis@speedpro.com
Michael & Vern McKenny	2748 25th St. N.	St. Petersburg	FL	33713	(727) 512-6281	Mmckenny@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
Mike & Alex Slaton	7763 SW Ellipse Way	Stuart	FL	34997	(772) 320-9385	msslaton@speedpro.com aslaton@speedpro.com
Pat & Charmane DelBrocco	13700 McCormick, Suite I-1	Tampa	FL	33626	(813) 891-9400	Pdelbrocco@speedpro.com Cdelbrocco@Speedpro.com
Anita Pickens	1776 North Commerce Parkway	Weston	FL	33326	(954) 888-6301	apickens@speedpro.com
Steve Rowe	1054 N East Ave	Sarasota	FL	34237	(941) 993-8941	srowe@speedpro.com
GEORGIA						
Bob & Laura Mejerle	6845 Shiloh Rd East D-1	Alpharetta	GA	30005	(678) 701-1112	bmejerle@speedpro.com llmejerle@speedpro.com
Chris Huber	2135 Defoor Hills Rd, Suite C	Atlanta	GA	30318	(404) 577-9090	chrish@speedpro.com
Little Brown & Karen Brown	200 Cobb Parkway North #130	Marietta	GA	30062	(770) 693-1767	kbrown@speedpro.com lbrown@speedpro.com
John Barber	5875 Peachtree Industrial Blvd #350	Norcross	GA	30092	(770) 840-4522	dneder@speedpro.com jbarber@speedpro.com
ILLINOIS						
Shira Kollins	2130 W. Fulton St Unit E	Chicago	IL	60612	(312) 492-7760	skollins@speedpro.com
Eric Lazar	2028 S. Michigan Ave, Suite 101	Chicago	IL	60616	(312) 203-4039	Eric.Lazar@speedpro.com
Thomas & Maureen Kmiecik	1350 Tri State Parkway Suite 116	Gurnee	IL	60031	(847) 856-8220	tkmiecik@speedpro.com mkmiecik@speedpro.com
John & Barb Sherlock	441 Eisenhower Lane South	Lombard	IL	60148	(630) 812-5080	jsherlock@speedpro.com
John & Stephanie Phelan	8246 Kimball Ave	Skokie	IL	60076	(847) 983-0095	jphelan@speedpro.com
INDIANA						
Diane Cotter	5583 West 74th St	Indianapolis	IN	46268	(317) 757-5298	dcotter@speedpro.com
IOWA						
Bruce & Dru Benson*	2053 SE 37th Street	Grimes	IA	50111	(515) 986-7151	bbenson@speedpro.com
Lance Springer	3010 South Hudson Road	Cedar Falls	IA	50613	(319) 888-1063	lspringer@speedpro.com
KANSAS						
Pat & Susan McGinnis	11229 Strang Line Road	Lenexa	KS	66215	(913) 498-0765	pmcginnis@speedpro.com
Jeff Quast	8148 Monticello Terr	Shawnee	KS	66227	(913) 441-7955	jquast@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
KENTUCKY						
Jeff & Anne Meade	1022 Nandino Boulevard	Lexington	KY	40511	(859) 721-1832	jmeade@speedpro.com ameade@speedpro.com
Kevin & Lynne Ruhs	13050 Eastgate Park Way, Suite 106	Louisville	KY	40223	(502) 625-6600	kruhs@speedpro.com lruhs@speedpro.com
LOUSIANNA						
Chuck Lane	100 SpeedPro Lane	Scott	LA	70583	(337) 703-40995	chuckl@speedpro.com
MARYLAND						
Wil Graham	8430 Spires Way Suite J	Frederick	MD	21701	(301) 799-2103	WXGraham@speedpro.com
Chris Jones Lewann Hambley	795 Cromwell Park Drive Suite A	Glen Burnie	MD	21061	(410) 787-8661	cjones@speedpro.com lhambley@speedpro.com
Rick Robey	2251 Distribution Circle	Silver Spring	MD	20910	(301) 588-7733	rrobey@speedpro.com crobey@speedpro.com
Marc Bouchard	2201 Greenspring Drive	Timonium	MD	21093	(410) 874-0560	mbouchard@speedpro.com
MASSACHUSETTS						
Michael Price	629 Highland Ave Suite A101	Needham	MA	02494	(781) 400-5631	mprice@speedpro.com
Ollie Parker	107 Audubon Rd Suite 35	Wakefield	MA	01880	(781) 587-0239	oparker@speedpro.com
MINNESOTA						
Keith Boisner	2200 East 117th St	Burnsville	MN	55337	(952) 895-1007	kboisner@speedpro.com
Jay & Jennifer Nemecek	6259 Bury Drive	Eden Prairie	MN	55346	(952) 746-4101	j.nemecek@speedpro.com
Eric & Lucy Olson	8090 University Ave, N.E.	Fridley	MN	55432	(612) 865-0571	eolson@speedpro.com
Kevin Berg	3650 Annapolis Lane N. Suite 170	Plymouth	MN	55447	(763) 559-4700	kberg@speedpro.com
Dan & Tracey Citron	2535 Pilot Knob Road Suite 107	St. Paul	MN	55120	(651) 917-3000	dcitron@speedpro.com
Lily, David, Jill Smelser	248 Sandstone Dr. NW	Eyota	MN	55493	(507) 799-0116	lsmelser@speedpro.com
MISSOURI						
Kent Pummill & Ruben Islas	2607 Burlington St	North Kansas City	MO	64116	(816) 221-1455	kpummill@speedpro.com rislas@speedpro.com
Randall Higgins	11159-B South Towne Square	St. Louis	MO	63123	(314) 200-6803	rhiggins@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
NEBRASKA						
Alan & John Ferguson	10232 L Street	Omaha	NE	68127	(402) 991-9901	aferguson@speedpro.com jferguson@speedpro.com
NEW HAMPSHIRE						
Michael Enright	195 New Hampshire Ave #100	Portsmouth	NH	03801	(603) 766-8088	menright@speedpro.com
Brian Crowe Heather Crowe	199 Route 101, Unit 5C	Amherst	NH	03031	(603) 544-1320	bcrowe@speedpro.com hcrowe@speedpro.com
NEW JERSEY						
Keith Keller	1001 Lower Landing Rd #104	Blackwood	NJ	08012	(856) 302-6459	kkeller@speedpro.com
Danny & Jennifer Aboudi	132 Lewis St Unit B-4	Eatontown	NJ	07724	(732) 542-2929	dannya@speedpro.com
Mark & Lisa Hewel	1770 Brunswick Ave	Lawrenceville	NJ	08648	(609) 303-0654	mhewel@speedpro.com
Pete Warn	56 West Ethel Road #14	Piscataway Township	NJ	08854	(732) 662-9860	pwarn@speedpro.com
Ryan Delhoyo	800 New Brunswick Avenue Ste 4	Rahway	NJ	07065	(732) 669-7540	ddelhoyo@speedpro.com
Adam Koppelman	140 Commerce Way Suite C	Totowa	NJ	07512	(973) 837-8383	akoppelman@speedpro.com
Ralph & Zorayda Trujillo	41 Bergenline Ave	Westwood	NJ	07675	(201) 497-6166	rtrujillo@speedpro.com
NEW YORK						
Bob Kelleher & Lori Parker	6507 Basile Rowe	East Syracuse	NY	13057	(315) 565-5396	bkelleher@speedpro.com
John Dalton	81 East Main Street, Suite 1	Elmsford	NY	10523	(914) 418-5755	jdalton@speedpro.com
Nick & Dan Yaremko	21-21 41st Avenue, Unit 4F	Long Island City	NY	11101	(347) 507-5350	nyaremko@speedpro.com
Jon Graber	31 South St. Suite 1C	Mount Vernon	NY	10550	(917) 204-6116	jgraber@speedpro.com
Doug Cole	358 Jefferson Rd	Rochester	NY	14623	(585) 413-1743	dcole@speedpro.com
NEVADA						
Mark Keene & Gerald Cabrera	6290 South Pecos Road Suite 300	Las Vegas	NV	89120	(702) 680-2555	mkeene@speedpro.com gcabrera@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
NORTH CAROLINA						
Mark & Robyn Simmons	1600 Olive Chapel Rd. Suite 236	Apex	NC	27502		Msimmons@speedpro.com Rsimmons@speedpro.com
Kevin Weisner	2732 Interstate St. Suite A	Charlotte	NC	28208	(704) 392-1776	keisner@speedpro.com
David & Katharine Arno	2301 Crownpoint Executive Drive Suite C	Charlotte	NC	28227	(704) 321-1200	darno@speedpro.com
Craig & Lynn Bakstad	10308 Bailey Rd. Unit 422	Cornelius	NC	28031	(704) 799-8040	cbakstad@speedpro.com lbakstad@speedpro.com
Sterling Kelly	7341 W. Friendly Ave Suites B and C	Greensboro	NC	27410	(336) 235-0990	skelly@speedpro.com
Jerry & Kim Parise	100 Dominion Dr #110	Morrisville	NC	27560	(919) 460-6013	jparise@speedpro.com kparise@speedpro.com
David Poche	1408 Christian Avenue, #16C	Durham	NC	27705	(984) 205-2698	dpoche@speedpro.com
Ward Martin*	2400 Sumner Blvd #196	Raleigh	NC	27616	(919) 872-6551	ward@speedprocarolinas.com
OHIO						
Gerald & Pamela Stout	1350 Home Ave, Suites R-S	Akron	OH	44310	(234) 312-9629	Gstout@speedpro.com Pstout@speedpro.com
Rob & Elaine Tonetti	2888 E. Kemper Rd	Cincinnati	OH	45241	(513) 771-4776	rtonetti@speedpro.com
Mike Essig	2000 Ford Circle Suite G	Milford	OH	45150	(513) 753-5600	messig@speedpro.com
Cody Scarberry Sean Hoenstein	779 Crossroads Ct	Vandalia	OH	45377	(937) 387-6067	cscarberry@speedpro.com
Ron Levine	26851 Miles Rd #202	Warrensville	OH	44128	(216) 342-4954	rlevine@speedpro.com
Jeff & Lori Kolenich	29260 Clemens Road Suite I	Westlake	OH	44145	(440) 617-6461	jkolenich@speedpro.com lkolenich@speedpro.com
OREGON						
Rod Carlson	1206 SE 11th Avenue	Portland	OR	97214	(503) 384-2633	rcarlson@speedpro.com
PENNSYLVANIA						
Paul Matuszak	3580 Progress Drive Studio Q	Bensalem	PA	19020	(215) 245-1275	pmatuszak@speedpro.com
Kathy Kallet	200 Bursca Dr #202	Bridgeville	PA	15017	(412) 220-9100	kkallet@speedpro.com
David Higgins	312 South 10 th Street	Lemoyne	PA	17043	(717) 737-5083	dhiggins@speedpro.com

Franchisee Name	Address	City	State	Zip	Phone Number	Email
Rich & Lynne Arrington*					(724) 591-5486	rarrington@speedpro.com
Phil Urlacher	205 Prospect Street	Lock Haven	PA	17745	(570) 484-9931	prulacher@speedpro.com
Lauren Ziegler	48-D Wingoco Lane	Reading	PA	19605	(484) 671-3974	lakziegler@speedpro.com
Joe McInnis	664 Catherine Street	Warminster	PA	18974	(215) 293-9723	jmcinnis@speedpro.com
Gary & Sharee Acers	427 S. Bolmar Street	West Chester	PA	19382	(610) 696-3568	sacers@speedpro.com
SOUTH CAROLINA						
404 Commerce Park Drive	Cranberry Township					
PA						
16066						
Gregg Richey	1327 Miller Rd Suite I	Greenville	SC	29607	(864) 288-3005	gregg.richey@speedpro.com
Randy Singelyn	7644 South Rail Road, Suite 100	Charleston	SC	29420	(843) 405-5752	rsingelyn@speedpro.com
TENNESSEE						
Ed Burns & Julie Schwab	100 Deck Ln	Blountville	TN	37617	(423) 446-2642	eburns@speedpro.com
Glen Carrico	1722 General George Patton Dr Suite 300B	Brentwood	TN	37027	(615) 712-7275	gcarrico@speedpro.com
Gary & Nancy Yenser	3175 Players Club Parkway	Memphis	TN	38125	(901) 483-1626	gyenser@speedpro.com nyenser@speedpro.com
TEXAS						
Randy Imhoff	3709 Promontory Point Drive A- 116	Austin	TX	78744	(512) 444-4421	randyi@speedpro.com
Matthew Polster	14401 W. Beltwood Pkwy, Ste. 155	Dallas	TX	75244	(972) 960-7200	mpolster@speedpro.com
Mike Taylor	8230 Elmbrook Dr. #700	Dallas	TX	75247	(214) 357-3400	mtaylor@speedpro.com
Jeremy Petty	2553 E Loop 820 N	Fort Worth	TX	76118		jpetty@speedpro.com
Larry Perez	15800 West Hardy Rd #560	Houston	TX	77060	(281) 260-8100	larry@speedpro.com
David & Cherie Ostermann	350 E Royal Ln #101	Irving	TX	75039	(972) 550-5200	dostermann@speedpro.com
David Payne	6 Indian Meadow Drive, Suite 610	Round Rock	TX	78665	(512) 640-1052	dpayne@speedpro.com
Tom Frye	1200 Commerce Drive, Suite 107	Plano	TX	75024	(972) 403-9955	tfrye@speedpro.com.

Franchisee Name	Address	City	State	Zip	Phone Number	Email
Dan & Michele Bertoncini	903 N. Bowser Road, Ste 100	Richardson	TX	75081	(972) 238-3586	dbertoncini@speedpro.com
Michael Schardt	25003 Pitkin Road Suite G600	Spring	TX	77386	(281) 719-5646	mschardt@speedpro.com
Kirby Ducayet	12621 West Airport Boulevard Suites 600	Sugar Land	TX	77478	(832) 260-3427	KirbyD@speedpro.com
Brian De Noble Kathy De Noble	32503-1 Tamina Road	Magnolia	TX	77354	(281) 789-4474	briand@speedpro.com kathyd@speedpro.com
UTAH						
Biplob Khanal Rahul Khanal Uma Sharma	1209 South Major Street	Salt Lake City	UT	84111	(801) 359-0613	bkhanal@speedpro.com rkhanal@speedpro.com usharma@speedpro.com
VIRGINIA						
Bill & Brad Jones	2551 Eltham Ave Suite D	Norfolk	VA	23513	(757) 390-2644	wjones@speedpro.com bjones@speedpro.com
Mark & Susan Collins	2530 Gayton Centre Dr	Richmond	VA	23238	(804) 726-3336	mcollins@speedpro.com scollins@speedpro.com
Roman Blazauskas & Shawn Flaherty	22135 Davis Dr Suite 112	Sterling	VA	20164	(571) 313-8334	rblazauskas@speedpro.com
John Reeves	5305 Cleveland Street #101	Virginia Beach	VA	23462	(757) 233-2241	jreeves@speedpro.com
Amy Crescimanno Barry Word	8108 Flannery Court	Manassas	VA	20109	(703) 686-4671	amyc@speedpro.com Barryw@speedpro.com
WASHINGTON						
Craig & Kristin Little	11630 Slater Ave NE Unit 5	Kirkland	WA	98034	(425) 260-3997	clittle@speedpro.com
Paul Perovich	10807 East Montgomery Drive #3	Spokane	WA	99206	(509) 413-1730	pperovich@speedpro.com
WISCONSIN						
Brian Reichling	202 Moravian Valley Road Ste I	Waunakee	WI	53597	(608) 850-6668	sean.mccarthy@speedpro.com

Franchisees Who Signed a Franchise Agreement But Have Not Yet Opened as of December 31, 2019

Franchisee Name	Address	City	State	Zip	Phone Number	Email
Josh & Krystina Feucht	TBD				619-851-0547	josef@speedpro.com

Franchisees Who Left the System in the Year 2019

The above table includes franchisees who had an outlet terminated, canceled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement within the last fiscal year, or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

City	State	Phone Number / Email Address	Owner(s)
Lafayette	IN	msweval@comcast.net / (765) 491-2137	Mark Sweval (Termination)
Reading	PA	pjminglejr@aol.com/610-420-8891	Jack Mingle (Transfer)
Dayton	OH	Bccc1640@aol.com/937-989-5432	Brian Curry (Transfer)
Charlotte	NC	bblaise@carolina.rr.com/ 704-364-3470	Brion Blaise (Transfer)
Wilmington	DE	gmeltz@amerisourcebergen.com/856- 694-5733	Gary Meltz (Transfer)
Madison	WI	608-827-0339	Sean McCarthy (Transfer)
Glen Burnie	MD	Lesliegoodwyn13@gmail.com / 410-279-6756	Leslie Goodwyn (Transfer)
Denver	CO	Darin.schneider@comcast.net / 303-550-4434	Darin Schneider (Transfer)
Lombard	IL	delaneyjim@comcast.net/630-987-9753	Jim Delaney (Transfer)
Blackwood	NJ	tracybaker@yahoo.com/856-625-7747	Tracy Baker (Transfer)
Atlanta	GA	404-352-3724	David Hightower (Transfer)

**Exhibit H
to SP Franchising LLC
Franchise Disclosure Document**

STATE ADDENDA

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE CALIFORNIA FRANCHISE INVESTMENT LAW

California Corporations Code, Section 31125 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.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Neither SP Franchising LLC nor any person identified in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation 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.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

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). The Franchise Agreement requires Franchisee to execute a General Release of Claims upon renewal or transfer of the Franchise Agreement.

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

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

The franchise agreement contains a covenant not to compete which extends beyond the termination of a franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur in Colorado, or the then-current location of Franchisor's headquarters, with the costs being borne by Franchisee. This provision may not be enforceable under California law.

The franchise agreement requires application of the laws of Colorado. This provision may not be enforceable under California law.

If you collect any information from customers, it may contain personal information of individuals which is protected by law. You are responsible for complying with the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by the California Consumer Privacy Act. You may also be required to comply with opt-in requirements on your website.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE HAWAII FRANCHISE INVESTMENT LAW**

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF THE DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN (7) DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN (7) DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE 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.

No release language set forth in the Franchise Agreement shall relieve SP Franchising LLC or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO THE
ILLINOIS FRANCHISE DISCLOSURE ACT**

Sections 4 and 41 and Rule 609 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation will be subject to Illinois law. The Franchise Disclosure Document and Franchise Agreement are amended accordingly.

The governing law or choice of law clause described in the Franchise Disclosure Document and contained in the Franchise Agreement is not enforceable under Illinois law. This governing law clause will not be construed to negate the application of the Illinois Franchise Disclosure Act in all situations to which it is applicable.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly.

ITEM 17(v) Choice of Forum, is revised to include the following: “provided, however, that the foregoing will not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

ITEM 17(w) Choice of Law, is revised to include the following: “provided, however, that the foregoing will not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”

The termination and non-renewal provisions in the Franchise Agreement and Franchise Disclosure Document may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE INDIANA FRANCHISE DISCLOSURE LAW
AND THE INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Colorado law if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code § 23-2-2.7-1(7) against unilateral termination of the franchise without good cause or in bad faith, good cause being defined therein as material breach of the Franchise Agreement, shall supersede the provisions of the Franchise Agreement in the State of Indiana to the extent they may be inconsistent with such prohibition.
3. Liquidated damages and termination penalties are prohibited by law in the State of Indiana and, therefore, the Disclosure Document and the Franchise Agreement are amended by the deletion of all references to liquidated damages and termination penalties and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Term of the Franchise Agreement. This Agreement does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

4. No release language set forth in the Disclosure Document or Franchise Agreement, including but not limited to ITEM 17 shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Indiana.
5. The Franchise Agreement is amended to provide that such agreement will be construed in accordance with the laws of the State of Indiana.
6. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MARYLAND FRANCHISE REGISTRATION AND DISCLOSURE LAW**

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

ITEM 5 is revised to state: “Based upon our financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, you will not be required to pay the initial fees due to us and/or our affiliates, including the Initial Franchise Fee, Start-up Fee, and any other fees or costs, until we have completed all our pre-opening obligations to you and you begin operating your franchise business.”

ITEM 8 is supplemented by the following disclosure:

We are the sole supplier of the following products and services necessary for the operation of your Studio: (a) the Start-Up Package, (b) the Software System, and (c) the grand opening advertising and marketing services. You will pay the then-current price in effect at the time for all products and services you purchase from us and our affiliates. In some cases the cost of the products and services referenced above (such as the cost of the Start-Up Package) may be higher than the prevailing market price of similar products and services if purchased from various other suppliers on the market. In other cases, such as the cost of the Software System and the grand opening advertising and marketing services, we believe that the amounts you pay to us for these products and services is equal to or less than the prevailing market price you would pay if you purchased such products or services directly from other vendors.

If we are no longer able to provide you with the above-listed products and services, we will endeavor to provide such products and services through one or more alternate suppliers at comparable cost.

ITEM 17

The general release required as a condition of renewal, assignment, or transfer does not apply to any claims that arise under the Maryland Franchise Registration and Disclosure Law.

You may sue us 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 (3) years after the grant of the franchise.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT and Statement of Prospective Franchisee

The Franchise Agreement and Statement of Prospective Franchisees, to which this addendum is attached is amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

1. A general release required as a condition of renewal, assignment, or transfer in provision 4.B and 11.D.6 does not apply to any claim or liability arising under the Maryland Franchise Regulation and Disclosure Law.

2. The representations in the Acknowledgement Addendum are amended to state:

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

3. The following language is hereby added to Section 9.A, 9.B and 9.C of the franchise agreement:

“Based upon Franchisor’s financial condition, the Maryland Securities Commissioner has imposed a fee deferral requirement. Therefore, Franchisee will not be required to pay the initial fees due to Franchisor and/or its affiliates, including the Initial Franchise Fee, Start-up Fee, any other fees or costs, until Franchisor has completed all its pre-opening obligations to Franchisee and Franchisee begins operating its franchise business.”

4. The following language is hereby added to Section 12 of the franchise agreement:

“A franchisee may bring a lawsuit 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 (3) years after the grant of the franchise.”

[Remainder of page intentionally left blank]

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

SP FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Print Name

Print Name

Title: _____

Title: _____

Date: _____

Date: _____

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO
THE MICHIGAN FRANCHISE INVESTMENT LAW**

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver or estoppel which deprives the franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a license 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 thirty (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 license 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 applied only if (i) the term of the franchise is less than five (5) years and (ii) the franchisee is prohibited by the license 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 six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits 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 license 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 a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the license agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provisions have been made for providing the required contractual service.

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

ANY QUESTIONS REGARDING THIS NOTICE SHOULD BE DIRECTED TO THE OFFICE OF THE ATTORNEY GENERAL, CONSUMER PROTECTION DIVISION, ATTN: FRANCHISE DEPARTMENT, 525 W. OTTAWA STREET, 670 G. MENNAN WILLIAMS BLDG., LANSING, MICHIGAN 48933 (517) 272-7117.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND LICENSE AGREEMENT
PURSUANT TO THE MINNESOTA FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Disclosure Document and/or Franchise Agreement, as applicable, the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. The following language is added to ITEM 13 of the Disclosure Document and the Franchise Agreement:

“The Minnesota Department of Commerce requires the Franchisor to indemnify Minnesota franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the tradename infringes trademark rights of the third party. Franchisor indemnifies Franchisee against the consequences of Franchisee’s use of the tradename in accordance with the requirements of the license, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claims within ten (10) days and tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.”

2. ITEM 17 of the Disclosure Document and the Franchise Agreement are amended as follows:

“With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a Franchisee be given ninety (90) day notice of termination (with sixty (60) days to cure) and one hundred eighty (180) day notice for non-renewal of the Franchise Agreement.”

3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of Minnesota.

4. Liquidated damages and termination penalties are prohibited by law in the State of Minnesota and, therefore, the Franchise Agreement is amended by the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions therein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.

At the time of such termination, of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would otherwise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement. This does not constitute a waiver of the Franchisee’s right to a trial on any of the above matters.”

5. ITEM 17 of the Disclosure Document is amended to add the following and the following language will appear in the Franchise Agreement issued in the State of Minnesota:

“Pursuant to Minnesota Statutes, Section 80C.21 and Minn. Rule Part 2860-4400J, this Section shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Statutes Chapter 80C.”

6. ITEM 17 of the Disclosure Document and the Franchise Agreement are amended as follows:

“Nothing contained herein shall limited Franchisee’s right to submit matters to the jurisdiction of the courts of Minnesota to the full extent required by Minn. Rule 2860.4407J.”

**NEW YORK ADDENDUM
TO DISCLOSURE DOCUMENT**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order

relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

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

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

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

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

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

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

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

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

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE NORTH DAKOTA FRANCHISE LAW**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of North Dakota:

1. Liquidated damages and termination penalties are prohibited by law in the State of North Dakota and, therefore, such provisions are hereby deleted from the Franchise Agreement, and the Franchise Agreement is further amended by the addition of the following language:

“14.D. Remedies Upon Termination. If the Franchise is so terminated, and in addition to the obligations of the Franchisee as otherwise provided herein, Franchisor shall retain the full amount of any fees heretofore paid to Franchisor and Franchisee shall continue to remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Term of the Franchise Agreement.”
2. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement, the other agreements or Colorado law if such provisions are in conflict with North Dakota law.
3. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from any Franchise Agreement issued in the State of North Dakota.

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE RHODE ISLAND FRANCHISE DISCLOSURE ACT**

The following language applies to any franchise agreement issued in the State of Rhode Island:

“Section 19-28.1-14 of the Rhode Island Franchise Investment Act, as amended by laws of 1993, dictates that ‘a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.’”

**ADDENDUM TO THE DISCLOSURE DOCUMENT
PURSUANT TO SOUTH DAKOTA CODIFIED LAWS**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of South Dakota:

1. The Franchise Agreement is amended by the deletion of the requirement to pay liquidated damages and the addition of the following language to the original language that appears therein:

“Notwithstanding any such termination, and in addition to the obligations of the Franchisee as otherwise provided herein, or in the event of termination or cancellation of the Franchise Agreement under any of the other provisions set forth herein, the Franchisee nevertheless shall be, continue and remain liable to Franchisor for any and all damages which Franchisor has sustained or may sustain by reason of such default or defaults and the breach of the Franchise Agreement on the part of the Franchisee for the unexpired Operating Term of the Franchise Agreement.

At the time of such termination of the Franchise Agreement, the Franchisee covenants to pay to Franchisor within ten (10) days after demand as compensation all damages, losses, costs and expenses (including reasonable attorney’s fees) incurred by Franchisor, and/or amounts which would other-wise be payable thereunder but for such termination for and during the remainder of the unexpired Operating Term of the Franchise Agreement.”

2. Franchise registration, employment, covenants not to compete and other matters of local concern will be governed by the laws of the State of South Dakota. As to contractual and all other matters, the Franchise Agreement will be and remains subject to the construction, enforcement and interpretation of the laws of the State of Colorado. Any provision in the Franchise Agreement which designates jurisdiction or venue, or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of South Dakota, is deleted from any Franchise Agreement issued in the State of South Dakota.
3. No release language set forth in the Franchise Agreement shall relieve Franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of South Dakota.
4. Termination provisions covering breach of the Franchise Agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Agreement shall afford the Franchisee thirty (30) days written notice with an opportunity to cure said default prior to termination.
5. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL OR RECOMMENDATION OF THE FRANCHISE BY THE DIRECTOR.

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, or the Disclosure Document, the terms of this Addendum shall govern.

**ADDENDUM TO THE DISCLOSURE DOCUMENT
PURSUANT TO THE WASHINGTON FRANCHISE INVESTMENT LAW**

The state of Washington has a statute, the Washington Franchise Investment Protection Act, RCW 19.100.180 ("Act"), which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in the state of Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

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

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

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

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20____.

SP FRANCHISING LLC

FRANCHISEE

By: _____

By: _____

Print Name

Print Name

Title: _____

Title: _____

**ADDENDUM TO THE DISCLOSURE DOCUMENT PURSUANT TO
THE WISCONSIN FRANCHISE INVESTMENT LAW**

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Wisconsin:

1. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF THE STATE OF WISCONSIN.
2. The following shall apply to Franchise Agreements in the State of Wisconsin:
 - a. The Wisconsin Fair Dealership Act, Wisconsin Statutes, Chapter 135 (the "Act"), shall apply to and govern the provisions of Franchise Agreements issued in the State of Wisconsin.
 - b. The Act's requirements, including that in certain circumstances a Franchisee receive ninety (90) day notice of termination, cancellation, non-renewal or substantial change in competitive circumstances, and sixty (60) days to remedy claimed deficiencies, shall supersede the provisions of the Franchise Agreement to the extent they may be inconsistent with the Act's requirements.

**Exhibit I
to SP Franchising LLC
Franchise Disclosure Document**

MASTER DEVELOPER ADDENDUM

MASTER DEVELOPER ADDENDUM

ARIZONA

William E. Siburg and Ann Siburg

Mr. Siburg and Ms. Siburg have been our Master Developers for the State of Arizona since October 2011 through their ownership of MasterWorks, LLC of Scottsdale, Arizona. Since January 1991 they have also served as owners of Scott Reid CPAs, Inc. of Roseville, Minnesota.

DELAWARE

Scott Schoner

Mr. Schoner has been our Master Developer for the State of Delaware since February 2007 through his ownership of NJ Franchise Development LLC of Piscataway, New Jersey.

DISTRICT OF COLUMBIA

Scott Schoner

Mr. Schoner has been our Master Developer for the District of Columbia since February 2007 through his ownership of NJ Franchise Development LLC of Piscataway, New Jersey.

GEORGIA

Ward Martin

Mr. Martin has been our Master Developer for the State of Georgia since October 2008 and operates out of Raleigh, North Carolina.

INDIANA

Dave Sperry

Mr. Sperry has been our Master Developer for the State of Indiana since January 2006 through his ownership of Sperry Investments of Cincinnati, Ohio.

IOWA

Bruce Benson

Mr. Benson has been our Master Developer for the State of Iowa since July 2007 through his ownership of Visual Success Corp. of Grimes, Iowa.

KENTUCKY

Dave Sperry

Mr. Sperry has been our Master Developer for the State of Kentucky since January 2006 through his ownership of Sperry Investments of Cincinnati, Ohio.

MARYLAND

Scott Schoner

Mr. Schoner has been our Master Developer for the State of Maryland since February 2007 through his ownership of NJ Franchise Development LLC of Piscataway, New Jersey.

NEBRASKA

Bruce Benson

Mr. Benson has been our Master Developer for the State of Nebraska since July 2007 through his ownership of Visual Success Corp. of Grimes, Iowa.

NEW JERSEYScott Schoner

Mr. Schoner has been our Master Developer for the State of New Jersey since February 2007 through his ownership of NJ Franchise Development LLC of Piscataway, New Jersey.

NEW YORK – UPSTATELynn Arrington

Ms. Arrington has been our Master Developer for the State of New York in the Upstate region since September 2009 through her ownership of Arrington Capital of Cranberry Township, Pennsylvania.

NORTH CAROLINAWard Martin

Mr. Martin has been our Master Developer for the State of North Carolina since October 2008 and operates out of Raleigh, North Carolina.

OHIODave Sperry

Mr. Sperry has been our Master Developer for the State of Ohio since January 2006 through his ownership of Sperry Investments of Cincinnati, Ohio.

OHIO – NORTHERNRichard Arrington

Mr. Arrington has been our Master Developer for the State of Ohio in the Northern region since September 2009 through his ownership of Arrington Capital of Cranberry Township, Pennsylvania.

PENNSYLVANIA – WESTERNRichard Arrington

Mr. Arrington has been our Master Developer for the State of Pennsylvania in the Western region since September 2009 through his ownership of Arrington Capital of Cranberry Township, Pennsylvania.

SOUTH CAROLINAWard Martin

Mr. Martin has been our Master Developer for the State of South Carolina since October 2008 and operates out of Raleigh, North Carolina.

**Exhibit J
to SP Franchising LLC
Franchise Disclosure Document**

Promissory Note for Conversion Franchised Business

PROMISSORY NOTE

USD \$ __,000.00

Date: _____

FOR VALUE RECEIVED, the undersigned maker of this Note, promises to pay to the order of SP FRANCHISING, LLC, ("**SPEEDPRO**"), at 7000 S. Yosemite Street, Centennial, CO 80121 the principal sum of _____ Dollars (\$ __,000.00), United States Dollars.

1. On the 1st day of _____, 20__, and on the first day of each and every month thereafter, the sum of USD \$500.00 shall be due and payable in full.
2. On the 1st day of _____, 20__, the entire outstanding principal and interest balances, if not sooner paid, shall be due and payable in full.
3. Any payment is late if not received by SPEEDPRO within 10 days after it is due. If payment is late, SPEEDPRO may, in its sole discretion elect to:
 - (a) Declare the entire unpaid principal and interest balances immediately due and payable; or
 - (b) Accept the late payment along with a late charge in the amount of 20% of the amount of the late payment. Such late charge shall be for the purpose of compensating SPEEDPRO for additional expenses which it is recognized SPEEDPRO will incur because of the late payment.
4. All payments, as of the date of receipt, shall first be credited to any late charges due; the balance, if any, shall next be credited to the outstanding interest balance; and the balance, if any, shall be credited to the outstanding principal balance.
5. If a payment is late and SPEEDPRO elects to declare the entire unpaid principal and interest balances due and payable, SPEEDPRO shall first provide maker(s) with written notice of its election, demanding payment in full within 10 days. In the event a default exists after the 10-day notice period has expired, and this Note is referred to an attorney for collection, maker(s) promises and agrees:
 - (a) That the entire outstanding principal and interest balances, including late charges, shall bear interest from the original due date of the delinquent payment at the rate of 20% per year or, if such rate exceeds the highest rate permitted under applicable law, then at the highest rate legally permitted; and
 - (b) To pay SPEEDPRO's reasonable attorneys' fees and costs incurred as a result of the default.
6. This Note constitutes part performance of the certain Franchise Agreement between maker(s) and SPEEDPRO dated _____, __, 20__, (the "**Franchise Agreement**," as amended, supplemented, or modified from time to time), and as such, shall be read and interpreted in a manner consistent with the terms of the Franchise Agreement which provides that a default under the terms of this Note shall be considered a default under the terms of the Franchise Agreement.
7. The maker(s) and endorser(s) of this Note waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor, and agree to any extension of time of payment and partial payments before, at, or after maturity.
8. In the event of any sale, transfer assignment, encumbrance or other conveyance of the rights, duties or obligations of maker(s) under the terms of the Franchise Agreement, the entire unpaid principal and interest balances of this Note as of the date of such sale, transfer, assignment, encumbrance or other conveyance shall immediately become due and payable in full without any further notice or demand.

9. Maker(s) may prepay principal amount outstanding under this Note, in whole or in part, at any time without penalty.

MAKER: _____

ATTACHMENT A TO PROMISSORY NOTE

CONFESSION OF JUDGMENT

XXXXXXXXXXXX provides the following Confession of Judgment, which shall be entered upon a default as described below:

1. SP Franchising, LLC, a Colorado limited liability company ("SpeedPro"), and XXXXX entered into a Promissory Note ("Note") dated _____, 2019.

2. Under the terms of the Note, XXXX agreed to execute a Confession of Judgment, which Confession of Judgment SpeedPro agreed not to enter unless or until an Uncured Event of Default as defined in the Note occurred.

3. An Uncured Event of Default has occurred and therefore XXXX consents to this Confession of Judgment, consents to jurisdiction of this Court, and waives any and all defenses to enforcement of this Confession of Judgment.

4. Xxxx hereby acknowledges it is liable in the principal amount of _____ (\$XX,XXX.00) USD ("Note Balance") less payments received pursuant to the Note, plus interest at 8% from the Event of Default, and reasonable costs of collection and/or suit, including reasonable attorneys' fees, costs and expenses and any other damages proven to this Court, injunctive, equitable or legal.

WHEREFORE, Xxxx hereby agrees and confesses that judgment shall be entered against it in accordance with the provisions set forth above in any court of competent jurisdiction for _____ ("Note Balance") less payments received pursuant to the Note, plus legal interest from the Event of Default, and reasonable costs of collection and/or suit, including reasonable attorneys' fees, costs and expenses.

IN WITNESS WHEREOF, XXXX has executed this Confession of Judgment on the dates written below.

Dated this ____ day of _____, 20____.

XXXX, an Individual

NOTARY

Confession of Judgment subscribed and sworn to before me on _____, 20____,
by XXXXXX, an individual.

My commission expires on _____.
Witness my hand and official seal.

Notary Public

[SEAL]

**Exhibit K
to SP Franchising LLC
Franchise Disclosure Document**

State Effective Dates and Receipt

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective
California	December 23, 2019
Hawaii	Not Registered
Illinois	Pending
Indiana	Pending
Maryland	
Michigan	Pending
Minnesota	Pending
New York	Pending
Rhode Island	Pending
Virginia	Pending
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. If applicable: Under Michigan law, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale; under Iowa and New York law, we must provide this disclosure document to you at the earlier of your first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale.

If we do not deliver this Franchise 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 Administrator listed in **Exhibit A**.

The name, principal business address and telephone number of each franchise seller offering the franchise (check as applicable):

<input type="checkbox"/> Larry Oberly	<input type="checkbox"/> Paul Brewster	<input type="checkbox"/> _____
<input type="checkbox"/> Pat Jarrett	<input type="checkbox"/> Troy Latuff	
Principal business address and telephone number for each franchise seller identified above is: 7000 S. Yosemite Street, Suite 100, Centennial, CO 80112 (844) 274-4784		

Date of Issuance: **June 18, 2020**

See **Exhibit A** for our registered agents authorized to receive service of process.

I (the undersigned) received a Franchise Disclosure Document dated June 18, 2020 that included the following exhibits: (A) Directory of State Administrators and Agents for Service of Process; (B) Franchise Agreement (including appendices); (C) Financial Statements; (D) Confidential Operations Manual Table of Contents; (E) Confidentiality and Non-Competition Agreement; (F) General Release of Claims; (G) Franchisee List; (H) State Addenda; (I) Master Developer Addendum; (J) Promissory Note; and (K) Receipt (2 copies).

_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please date and sign this copy of the Receipt and return it to SP Franchising LLC, 7000 S. Yosemite St., Suite 100, Centennial, Colorado 80112.

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale. If applicable: Under Michigan law, we must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale; under Iowa and New York law, we must provide this disclosure document to you at the earlier of your first personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or our affiliate in connection with the proposed franchise sale.

If we do not deliver this Franchise 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 Administrator listed in **Exhibit A**.

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<input type="checkbox"/> Larry Oberly	<input type="checkbox"/> Paul Brewster	<input type="checkbox"/> _____
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_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

Please date and sign this copy of the Receipt and keep for your records.