

FRANCHISE DISCLOSURE DOCUMENT



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

The total investment necessary to begin operation of a Mold Medics franchise is \$141,250 to \$250,000. This includes \$50,000 that must be paid to the Franchisor or its affiliate(s).

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Kelli Schroeder, 77 North Washington Street, Boston, MA, 02114, telephone (617) 997-4729.

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

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

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

Issuance Date: April 29, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation in the state where the franchisor's principal office is located. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in this state than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
4. **Mandatory Minimum Payments.** You must make minimum royalty and advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Financial Condition.** The franchisor's guarantor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding the notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Attn: Franchise, 525 West Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, (517) 373-7117.

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

The Franchisor

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

We are a Pennsylvania limited liability company formed on September 16, 2019. We began offering franchises in December 2020. As of December 31, 2024 we had six franchises. We currently do business under our corporate name and under the trade name “Mold Medics.” Our principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Our agents for service of process are disclosed in Exhibit A.

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

Parents, Predecessors, and Affiliates

Our predecessor, Mold Medics LLC, (“MMC”), was formed on January 31, 2018. From January 2018 to April 2024 MMC operated a business of the type offered in this disclosure document. We sold this business to a franchisee in April 2024. MMC has never offered franchises in this or any other line of business. In September 2019, MMC contributed the Mold Medics business system to us.

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

HSGH is majority owned through various holding companies by Riverside Micro Cap Fund V-A, L.P., and RMCF V AIV I, L.P., each of which maintain their principal place of business at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Each of Riverside Micro-Cap Fund V-A, L.P. and RMCF V AIV I, L.P. are managed by The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses. It maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111. Through various private equity funds managed by The Riverside Company the following portfolio companies of Riverside Company offer franchises in the U.S.:

EverSmith Brands

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

milliCare Franchising, LLC (“milliCare”) and its predecessors have offered franchises since January 2011. milliCare’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related services under the mark “milliCare Floor & Textile Care.” As of December 31, 2024, milliCare had 59 franchises operating in the United States.

Kitchen Guard Franchising, Inc. (“Kitchen Guard”) has offered franchises since August 2023. Kitchen Guard’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard

Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, 2024, Kitchen Guard had 5 franchises operating in the United States.

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

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

Evive Brands

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

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

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

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

Head-to-Toe Brands

BCC Franchising, LLC (“BCC”) and its predecessor have offered franchises since March 2007 under the mark “Bishops”. BCC’s principal business address is Terminal Tower 50 Public Square, 29th Floor Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, 2024, BCC had 40 franchises operating in the United States.

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

The Lash Franchise Holdings, LLC (“Lash”) and its predecessor has offered franchises under the mark

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

Best Life Brands

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

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

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

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

Next Day Access, LLC (“Next Day”) whose principal place of business is 900 Wilshire Dr., Suite 102, Troy, MI 48084-1600. Since March 2012, Next Day has offered franchises that engage in the sale and rental of ramps, additional related products, and accessories that enhance the quality of life of physically disabled or challenged persons. As of December 31, 2024, Next Day had 49 franchises operating in the U.S. and 2 franchises in Canada. Next Day has never offered services similar to those offered by Blue Moon nor has it offered franchises in other lines of business.

Affiliates

Our affiliate Maid Pro Franchise, LLC (“MaidPro”) is a franchisor of home cleaning services businesses for residential and commercial customers. MaidPro’s principal place of business is 77 North Washington Street, Boston, Massachusetts 02114. MaidPro began offering franchises on February 1, 1997 and as of December 31, 2024 had 237 franchises in the United States and 14 in Canada.

Our affiliate Men In Kilts US, LLC (“MIK”), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK’s principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March, 2019 and as of December 31, 2024 had 23 franchises.

Our affiliate Men In Kilts Canada Inc. (“MIK Canada”), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises in Canada since 2011 and as of December 31, 2024 had 20 Men In Kilts franchises in Canada.

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

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

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

Our affiliate Sir Grout Franchising, LLC (“Sir Grout”) is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services and other services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Sir Grout has been offering franchises since August 2007 and as of December 31, 2024 had 71 franchises.

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

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

Threshold Brands, our immediate parent company, is also the parent company of our affiliates disclosed above.

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

The Franchise

We offer franchises for the establishment and operation of a business (the “Business”) providing services, products, and solutions for air quality and other environmental issues, including mold testing, mold remediation, duct and vent cleaning, water damage dry-outs, restoration services (including drywall repair, painting, and drainage), dust control, encapsulation, demolition, ozone and odor treatments, attic insulation and sealing, and other services, products, or solutions that we authorize from time to time (each a “Service”

or “Product,” and collectively the “Services and Products” or “Services or Products”) to customer locations within a specified geographic area (“Customers”). We license the Business to use our proprietary business methods, software, templates, systems, and techniques we may provide from time-to-time (“System”).

We also grant the Business a license to use our service mark, “Mold Medics,” and other trademarks, service marks, and commercial symbols (“Marks”) that are or may become a part of the System, but only as and when we designate. The Business will be operated out of a designated business office, which may be at your home if permitted by applicable law (“Office”).

Applicable Laws and Regulations

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

Market and Competition

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

ITEM 2: BUSINESS EXPERIENCE

Chairman of the Board of Managers – Jordan Lajoie

Mr. Lajoie joined us as the Chairman of our Board of Managers in February 2025. At that time, Mr. Lajoie also became the Chairman of the Board of Managers of our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. Lajoie is also the Chairman of the Board of Managers for all of our affiliates offering franchises disclosed in Item 1. Since February 2025 Mr. Lajoie has also served as the Chairman of the Board of Managers of Head-to-Toe Brands, another portfolio company owned by The Riverside Company. From July 2020 to the present Mr. Lajoie has served as the President of Pinecrest Holdings, Inc. in Portland, ME. From July 2014 to June 2020 Mr. Lajoie was a Management Consultant for Accenture in Boston, MA.

Vice President and Manager – Caroline Quoyeser

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

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has been our Vice President and Secretary and a member of our Board of Managers since May 2023. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is also the Vice President, Secretary and a Manager of Mold Medics, LLC and of all of our affiliates offering franchises disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

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

Manager – Steven Siegel

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

Manager– Mark Kushinsky

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

Chief Executive Officer – Theodore DeMarino

Mr. DeMarino has served as our Chief Executive Officer (“CEO”) since June 2023. Mr. DeMarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of Mold Medics, LLC and of our affiliates offering franchises disclosed in Item 1. From October 2019 to May 2023, Mr. DeMarino was the President of Liberty Tax in Hurst, TX.

Chief Financial Officer – William A. Newby III

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

Chief Operating Officer – Cory Hughes

Mr. Hughes has served as our Chief Operating Officer (“COO”) since August 2023. Mr. Hughes is also the COO of our parent company, Threshold Brands, LLC, and is the COO of Mold Medics, LLC and all of our affiliates offering franchises disclosed in Item 1. From March 2018 to August 2023 Mr. Hughes was the Executive Vice President – Operations of Liberty Tax Service in Leawood, KS.

Chief Legal Officer – Robert G. Huelin

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

Chief Revenue Officer – Juliet Diiorio

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

Brand Leader – Bryan McMurray

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

Vice President, Franchise Development – Kelli Schroeder

Ms. Schroeder joined us as Vice President, Franchise Development, in October 2024. Ms. Schroeder is also the Vice President, Franchise Development for all of our affiliates offering franchises disclosed in Item 1. From June 2023 to October 2024 Ms. Schroeder was the Vice President of Franchise Development at WellBiz Brands in Island Park, NY. From August 2021 to June 2023 Ms. Schroeder was the Vice President of Franchise Development for SUCCESS Space in Island Park, NY. From July 2019 to August 2021 Ms. Schroeder was the principal of Schroeder Consulting, LLC in Long Beach, NY

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

You must pay an initial franchise fee of \$50,000 (“Initial Franchise Fee”). You will pay the Initial Franchise Fees in full at the time you sign your Franchise Agreement(s) unless we offer to finance a portion of the Initial Franchise Fee. We may offer to prospects who meet our qualifications, including creditworthiness, financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information. Except as set forth below, Initial Franchise Fee is nonrefundable.

During 2024 our franchise offering included waivers, discounts and refunds such that our Initial Franchise Fee ranged from \$0 to \$50,000.

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

Franchise Option Program

For new franchisees we will refund your Initial Franchise Fee within 10 days of the opening of your Franchised Business so long as it opens within the time required under the Franchise Agreement and in exchange for an increase to the Base Royalty rate by an additional 4% of Gross Consumer Sales (example the 7% royalty will increase to 11%) for 10 years (the initial 7-year term and the first 3 years of any renewal term, if the franchise is renewed). We refer to this program as our “Franchise Option Program”. You will enter into the Franchise Option Amendment attached to the Franchise Agreement as Exhibit 5. See Item 6 for more information related to this program.

Military/First Responder Program

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

Multi-Unit Program

We currently offer a multi-territory discount. If you purchase 3 or more territories at the same time, you may be eligible to receive a 25% reduction of the Initial Franchise Fee off the second and any additional territories you purchase.

Hard to Serve/Underserved Markets Program

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

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

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

**ITEM 6:
OTHER FEES**

Type of Fee	Amount¹	Due Date	Remarks
Base Royalty	Greater of 7% of Gross Sales and the applicable Minimum Royalty per month. Minimum Royalty is \$500 per month for first 12 months after opening, \$1,000 per month for months 13-24 and \$1,500 per month for the remainder of the term of the Franchise Agreement.	Due monthly on the last business day of the month.	See Notes 2 and 3.
Extraterritorial Royalty	7% of Gross Sales.	Due monthly on the last business day of the month.	Applies to all Gross Sales generated by you for services and/or products sold outside of your Territory (only as permitted by the Franchise Agreement). See Note 2 and 4.
Relationship Fee	15% of Gross Sales.	Due monthly on the last business day of the month.	Applies to all Relationship Work performed in another franchisee's territory, as permitted by us. See Notes 2 and 5.
Brand Fund Fee	2% of Gross Sales.	Due monthly on the last business day of the month.	See Notes 2 and 6.
Technology Fee	\$650 per month.	Due monthly on the last business day of the month.	See Notes 7 and 17.
Additional Email Licenses	\$15 per month per license.	Due monthly on the last business day of the month.	See Notes 7 and 17.
Bookkeeping Software	\$55 per month.	Due monthly on the last business day of the month.	See Notes 8 and 17.
Payment Processing Fee	\$35 per month per account and applicable per transaction fees.	Due monthly on the last business day of the month and as incurred	See Notes 9 and 17.
Convention Fee	Up to \$1,500 depending upon costs.	Due at registration.	See Note 10.
Transfer Fee	\$5,000	Before transfer occurs.	Payable before your transfer of the Franchise Agreement or other interest in the

Type of Fee	Amount ¹	Due Date	Remarks
			franchise, except in the case of a transfer by you to a corporation that you wholly own.
Renewal Fee	10% of our then-current Initial Franchise Fee.	When you sign our then-current Franchise Agreement	Payable if we agree to allow you to renew your franchise at the end of the initial term of the Franchise Agreement.
Interest and Late Charges	Late charge of \$200 on all amounts not received by us when due, plus interest at 1.5% per month, capitalized monthly.	Payable if you fail to pay us on time.	See Note 11.
Additional Training and Onsite Assistance	Currently, additional training at our site is \$500 per day and onsite assistance is \$1,000 per day plus the cost of all of our travel, meals, and accommodations.	As incurred, before assistance.	See Notes 12 and 17.
Attorney Fees and Costs	Will vary depending on circumstances.	When incurred by us.	See Note 13.
Service, Product, or Vendor Approval Fee	Our then-current evaluation fee; Currently \$500.	As incurred, upon your request	See Note 14.
Indemnification	Varies	As incurred	See Note 15.
Inspections and Audits	Varies	As incurred	See Note 16.
Insurance Acquisition	Cost we incur to obtain insurance for you if you fail to obtain the insurance we require.	On demand	Only payable if you fail to obtain insurance we require and we obtain it on your behalf.
Marks Recovery	Cost we incur to recover all property containing our Marks.	On demand	Only payable if you fail to stop after termination using any property that contains our Marks.
Management Fee	\$500 per day.	On demand	Only payable if we manage your Business, which we can do upon the occurrence of a default or under your Franchise Agreement, you die or become disabled.
Liquidated Damages	Amount equal to average of total of all royalties owed during 12 month period preceding date of termination (or, if 12 months have not elapsed, such shorter period), multiplied by	On demand	Only payable if the Franchise Agreement is terminated before the expiration of the term.

Type of Fee	Amount ¹	Due Date	Remarks
	the number of months remaining in the term of the Franchise Agreement.		

Explanatory Notes

1. **General.** Unless otherwise indicated, all of the fees listed in this Item 6 are uniformly imposed by, payable to, and collected by us, and are non-refundable. You must use the payment methods we designate. We currently require electronic funds transfer. You must sign and deliver to us an irrevocable EFT Authorization attached as Exhibit 7 to the Franchise Agreement to enable our financial institution to debit your primary bank account at your bank in order to pay us all amounts you owe us. You must maintain enough funds in the account to cover all amounts payable to us. If funds in the account are not enough to cover the amounts payable to us the outstanding amount will be considered overdue and you must pay us the overdue amount plus interest, any related bank fees. If you do not timely report your Gross Sales, or otherwise withhold our access to systems that we need to access to determine Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10%. If we underestimate any fees due, you must pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales. You must reimburse us for all sales taxes, use taxes, personal property taxes and similar taxes required to be paid by us on account of services or goods furnished by us to you, or on account of payments made by you to us. We may change your payment schedule with respect to any fees or other amounts due to us or our affiliates under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon 30 days' notice to you. If the date due is not a business day, the due date shall be the next immediate business day.

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

2. **Gross Sales.** Various amounts due to us under your Franchise Agreement are due based upon on your Gross Sales. "Gross Sales," include all revenues derived from all sales of services and/or products of every kind or nature, including the Products and Services, from, at, or in connection with the operation of the Business or otherwise arising out of the operation of the Business, including sales made at or away from the Business, regardless of form of remuneration, less returns for which refunds are made, provided that the refund does not exceed the sales price and you have already paid a royalty on such amount. Gross Sales do not include any sales or similar tax as long as it has been charged to the customer and the tax has been timely paid to the appropriate taxing authority.

3. **Base Royalty and Minimum Royalty.** You must pay us a monthly Base Royalty which is 7% of Gross Sales, subject to a minimum payment each month that ranges from \$500-\$1500, depending upon the circumstances. We refer to this as the "Minimum Royalty" and it is discussed in the chart below:

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

If you are in our Franchise Option Program your Base Royalty will be 11% of Gross Sales but is still subject to the Minimum Royalty discussed above.

If the Franchise Agreement is subject to a Multi-Territory Development Addendum, and we elect to extend the time for you to begin operating in a Territory, you must pay us the monthly Minimum Royalty,

beginning as of the original commencement date in the Rider. If you subsequently begin to operate in the Territory, you will pay us the Base Royalty, subject to the then-current monthly Minimum Royalty, as provided in your Franchise Agreement.

4. **Extraterritorial Royalty.** If we permit you to provide Products or Services outside of your Territory (and not within the territory of another franchisee), you must pay us the Extraterritorial Royalty, which is 7% of all Gross Sales generated outside of your Territory.

5. **Relationship Fee.** Relationship Work is work performed by a franchisee for existing customers and/or referral sources within the territory of another franchisee only if and as permitted by us. We must approve all Relationship Work and it is intended only to permit franchisees to maintain relationships that extend beyond their Territory. The franchisee performing the Relationship Work must pay an additional fee (the Relationship Fee) of 15% of the Gross Sales from the Relationship Work to us. We then remit this amount to the franchisee in whose territory the Relationship Work was performed, so long as that franchisee is in compliance with the Franchise Agreement.

6. **Brand Fund.** You are required to contribute 2% of Gross Sales to the Brand Fund. See Item 11 for more information on the Brand Fund.

7. **Technology Fee.** If you are purchasing your first Mold Medics franchise territory, you will be charged the monthly Technology Fee and you will receive a tenant account for our required field service software and four Mold Medics branded email user licenses. If you are purchasing a second or contiguous territory or territories which do not require a second tenant account, we may waive the Technology Fee for the second or additional territory or territories. If you would like to purchase additional licenses for use in your Mold Medics franchise, you must pay the then-current per license charge for additional email licenses.

8. **Software Licenses and Technical Support.** You must use our designated bookkeeping software and any other software we designate for use in the operation of the Franchised Business. You must pay the then-current fee for the software and user license, as that fee is determined by our vendors. You must purchase at least one tenant account for the field services software if this is your first Franchised Business.

We may also provide other services to you, some may be optional, and others may be required. For example, we will be your sole supplier for Mold Medics branded emails for use in the operation of your Business. For example, we provide search engine optimization services that you may, but are not required to, use. The cost for this service is currently \$305 per month, per territory.

9. **Payment Processing.** You must use the integrated payment processing service that we provide. You must have at least one account for processing credit card and other forms of electronic payment. The monthly account fee for our service is currently \$35. The per transaction fee will vary based on the type and amount of the transaction. The fee for credit card payments is 2.99% of the total transaction amount plus \$.29 per transaction. The fee for e-check payments is 1% of the total transaction amount. You will need one payment processing account for each bank account that you use to pay or receive payment for transactions.

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

11. **Interest and Late Fees.** If you fail to pay any amount you owe us or our affiliates when due, in addition to the amount you owe, you must also pay \$200, plus interest on the past due amount equal to 1.5% per month or the highest rate allowed by law, whichever is greater, until such amount is paid in full. We

have the right to immediately debit any amounts you owe us from your bank account.

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

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

14. **Service, Product, or Vendor Approval Fee.** If you wish to purchase, sell, or use a service or product that we have not approved, or purchase, sell, or use products or services from a party that we have not approved, you must follow the procedures (including, without limitation, payment of all charges) we establish for seeking approval of the item or the supplier. We are under no obligation to approve any item or supplier and if we have only approved a single item or supplier we do not intend to approve other items or suppliers.

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

16. **Inspections and Audits.** We have the right to audit your Gross Sales, company books and records, accounting software, and all reports and information you are required to submit to us under the Franchise Agreement. We may access records of your Gross Sales, company books and records, and other information about your Business through your Technologies, which access you agree to provide. You must install and maintain any software and execute any documents necessary to permit our access, all at your sole expense. We also have the right to audit your Business before any sale of your Business. If at any time we determine that you have understated Gross Sales, or that you have underpaid any royalties or any other amounts you owe us or our affiliates, we are authorized to immediately initiate a debit to your account in the appropriate amount plus the reasonable cost of our audit and/or inspection, including the cost of outside auditors and attorneys (to the extent we incur such costs), and all late fees and interest as permitted by the Franchise Agreement.

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

The annual adjustment cap discussed above is not applicable to any fee that is “optional”, meaning that it is charged by us or a third party for a service or product that you are not required to purchase under the terms of your Franchise Agreement. It also does not apply to fees or other charges where we or an affiliate are collecting fees or other amounts on behalf of third-party vendors. We or the third party may increase these fees or other amounts without restriction.

**ITEM 7:
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT¹

Type of expenditure	Amount ¹	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ²	\$50,000	Wire transfer	When you sign the Franchise Agreement	Us
Travel and Living Expenses While Training ³	\$4,000 - \$7,000	As agreed	As incurred during training	Third parties
Vehicle ⁴	\$1,200 - \$48,000	As agreed	Before the Business opens	Third parties
Vehicle Upfitting ⁵	\$9,000-\$10,500	As agreed	As agreed	Third parties
Initial Equipment & Supplies ⁶	\$20,000 - \$25,000	As agreed	Before the Business opens	Third parties
Business Licenses ⁷	\$50 - \$1,500	As agreed	As agreed	Third parties
Initial Marketing ⁸	\$35,000	As agreed	Before the Business opens	Third parties
Insurance ⁹	\$3,000 - \$11,000	As agreed	Before the Business opens	Third parties
Professional Fees ¹⁰	\$1,000 - \$2,000	As agreed	As agreed	Attorneys, accountants, and business consultants
Additional Funds – Initial 3 Months ¹¹	\$18,000 - \$60,000	As agreed	Ongoing	Your employees and vendors
TOTAL	\$141,250 - \$250,000			

Explanatory Notes

1. **Non-Refundable; Basis of Estimates.** All fees and payments are non-refundable unless otherwise stated or permitted by the payee. The table above provides an estimate of your initial investment and the costs necessary to begin operating a Business.

2. **Initial Franchise Fee.** The Initial Franchise Fee is payable in full when you sign the Franchise Agreement, unless we otherwise decide to finance all or a portion of it. Except as discussed in Item 5, the Initial Franchise Fee is non-refundable.

3. **Travel and Living Expenses While Training.** Before you open your Business, you must attend our initial training program as provided in Item 11. We recommend that you open your Franchised Business with one sales representative and one technician, and that each of these individuals attend our initial training program. The initial training program is provided tuition-free for up to three attendees. You must be responsible for all of your costs and expenses, and those of your attendees, to attend this program. Our estimates assume three persons in training for one week.

4. **Vehicle.** You must own or lease a vehicle that meets our specification that you will use in the operation of your Business. We require a Ram Promaster or Ford Transit truck meeting our then-current standards. The estimated amounts in the table above assume three months of a lease or monthly payment with no down payment (low) and the full price purchase of a new vehicle (high). Registration fees and taxes

are not included in this estimate. The vehicle you acquire for use in the Business must be no more than 3 years old and be in good mechanical and cosmetic condition. We must approve the type of vehicle you intend to use in your Business.

5. **Vehicle Upfitting.** Your vehicle, including its color, must meet our specifications. It must be wrapped and outfitted in accordance with our requirements, including installation of vehicle graphics and interior upfitting with shelving, storage and equipment.

6. **Initial Equipment and Supplies.** The estimate includes the initial equipment and supplies required to operate your Business. We will provide you with a list of specific equipment and supplies we recommend, which includes iPads or equivalent mobile tablets, software, personal computer, tools, fittings, sprayers, chemicals, PPE, ladder, vacuum and cleaning materials.

7. **Business licenses.** This is the cost of business and other licenses and/or certifications necessary for you to operate a Business in your state. Business license requirements and fees vary drastically from state to state. You should investigate the specific requirements in the states in which you intend to operate.

8. **Initial Marketing.** We recommend you invest at least \$35,000 in marketing and local advertising during the pre-opening period and the first three months that your Franchised Business is in operation. The estimate includes membership fees for realtor marketing groups, marketing vendor initiation fees, and similar groups and listings targeted to generate business. You must spend a minimum of \$3,000 per month after your Franchised Business has been open for at least 3 months.

9. **Insurance.** The estimate includes the cost for property insurance, general liability insurance, and automobile insurance for vehicles used in a Business. The estimate does not include the cost of unemployment insurance, which varies significantly from state to state.

10. **Professional Fees.** You may incur certain attorney, accountant, and advisor fees in setting up your franchise.

11. **Additional Funds – Initial 3 Months.** This item estimates your initial start-up expenses for the first three months of operations, not including those expenses identified separately in the table. It includes payroll costs for two employees, office supplies (but no office location), and other general business expenses. The estimate of additional funds does not include an owner's salary or draw, but does assume that an owner will be working full-time in the Business. These figures are estimates and we cannot guarantee that you will not have additional expenses starting the Business. They are drawn from our affiliate's experience in operating a business similar to the Business in the Pittsburgh area since 2018.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

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

Required and Approved Products, Services, and Vendors

You must purchase certain products, services, equipment, inventory, supplies, furnishings, fixtures, and other items from us or approved vendors. We may also require you to purchase specific products and services

for use in your Business. We or our affiliate may be the sole supplier of a product or service.

For example, you may only use the Mold Medics branded emails in your Business. We are the sole supplier of these email licenses. You must also acquire and use in your Business the bookkeeping software we specify. You will purchase this software from us or a third party supplier, but there will only be one supplier of this software and we do not intend to approve other suppliers for it. If we have a third party supplier for this software, we can collect the amounts owed for the software. You must also obtain your payment processing services from us. We are the sole supplier for these services and do not intend to approve another supplier. You must use the field service or customer management software and the financial management software that we designate. You must purchase these products from us or from our approved vendor. We do not plan on approving other suppliers of this software.

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

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

We and our affiliates may derive revenue and other consideration from your and other franchisees' purchases of products, services or other items from us or our affiliates. We and our affiliates may also receive rebates, other amounts or other benefits based on your purchase and the purchases of other franchisees of products, services or other items from suppliers. In our last fiscal year ended December 31, 2024, we received revenues of \$440, or approximately .003% of our total revenues of \$112,143 from all required purchases and leases of products and services by our franchisees. This information was taken from our internal financial records.

Other than ownership interests in us, we do not have any officers who own an interest in any of our suppliers.

Vehicle

Your vehicle, including its color, must meet our specifications. It must be wrapped and outfitted in accordance with our requirements, including installation of vehicle graphics and interior upfitting with shelving, storage and equipment

Upfitting and Initial Equipment and Supplies

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

Marketing and Advertising

We are the sole supplier of website development and maintenance services. We are also the sole supplier of support and management services for any Internet Presence, including websites, business profiles and review platforms, that we approve for your use. We do not intend to approve other suppliers for any of these services.

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

Computer Hardware and Software

You must purchase and use in the operation of your Business only the computer hardware and software we designate, including our required field service software and accounting software. We recommend that you purchase two iPads or equivalent mobile tablets for use in operating the Franchised Business.

Insurance

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

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

**ITEM 9:
FRANCHISEE’S OBLIGATIONS
FRANCHISEE’S OBLIGATIONS**

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

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

l. On-going product/service purchases	VI.D, E	8
m. Maintenance, appearance and remodeling requirements	VI.E, F; VIII	11
n. Insurance	XV	7, 8
o. Advertising	X	11
p. Indemnification	XIV	6
q. Owner's participation/management/ staffing	VI.B	15
r. Records and reports	VII	6, 8
s. Inspections and audits	VI.G; VII.D; XVII	6
t. Transfer	XVI	6, 17
u. Renewal	II.B	6, 17
v. Post-termination obligations	XVIII	17
w. Non-competition covenants	XII	17
x. Dispute resolution	XIX	17
y. Guaranty by owners and/or other individuals	XXII.V and Exhibit 1 to Franchise Agreement	15

ITEM 10: FINANCING

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

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

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

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

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

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

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

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

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

Pre-Opening Obligations

Before you open your Business we or our designee will:

1. Review and approve or disapprove your Business Location. We do not require you to maintain a business office separate from your home and expect most franchisees will operate from their homes (as permitted by local law) (Franchise Agreement Section VI.I). We do not conform the premises to local ordinances and building codes or obtain any required permits and we do not construct, remodel, or decorate, the premises.
2. Provide our initial training program for you and up to two other individuals concurrently at a location we designate. You must complete training to our satisfaction. You are responsible for all travel, salary, lodging and other expenses you and your personnel incur during the initial training program. (Franchise Agreement Section VI.I). Except as disclosed above, we do not hire or train any of your employees.
3. Provide the names of required or approved vendors, suppliers, and service providers (which may include us or our affiliates). (Franchise Agreement Section VI.I). Other than providing a list of approved suppliers and specifications, we do not provide you with any equipment, signs, fixtures, opening inventory, or supplies, nor do we deliver or install these items.
4. Give you access to our online portal or drive share containing the Operations Manual covering the operating techniques of the Business, and updates and revisions to the Operations Manual. (Franchise Agreement Section VI.I).

We estimate that the typical length of time between signing the Franchise Agreement and beginning to operate your Business will be 120 days. You must begin offering Services and Products for your Business within 120 days safter signing the Franchise Agreement. (Franchise Agreement – Section VI. A.). If you do not meet this timeline, we may terminate the Franchise Agreement and we will retain any amounts you paid to us or our affiliates.

Ongoing Assistance

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

1. At your reasonable request and for a reasonable period of time that we determine, consult with you by telephone or email, or facsimile regarding the continued operation and management of your Business and advise you regarding services, sales techniques, customer relations and/or similar topics, all in accordance with our policies and procedures, all as we deem appropriate (Franchise Agreement Section VI.I). We have no obligation to develop products or services that you will offer to customers, improve or develop your Franchised Business, establish administrative, bookkeeping and inventory control procedures for your use or except as disclosed above, resolve operating problems you encounter. Although we may provide you with suggestions for pricing of your Services and Products we have no obligation to do so and you are solely responsible for setting these prices.

2. Provide you with ongoing updates of information and programs regarding your Business and the System in forms that we determine (including e-blasts, online webinars, conference calls, etc.) (Franchise Agreement Section VI.I).
3. Provide training for replacement or additional employees during the term of the Franchise Agreement. The availability of the training program to replacement or additional personnel is subject to our scheduling and prior commitments to new and existing franchisees and must be scheduled on a space-available basis (Franchise Agreement Section VI.I).
4. Make our employees or designated agents available to you, at our sole discretion, for advice and assistance in connection with the ongoing operation of your Business according to our Operations Manual and any relevant policies and procedures. If you request additional assistance and we agree to provide it, we may charge you for all travel, lodging, meals, telephone charges, and other identifiable expenses associated with such assistance, plus an onsite assistance fee, which fee will be charged in accordance with our then-current hourly rates for assistance (Franchise Agreement Section VI.I).
5. We may from time-to-time conduct conventions or host meetings at a location to be selected by us. You must attend these events and pay our then-current registration fees. All expenses, including you and your employee's transportation to and from these events, and lodging, meals, and salaries during the events, are your sole responsibility (Franchise Agreement Section VI.I).
6. Sell you Mold Medics branded emails that you must use in your Business (Franchise Agreement Section VI.D.(i)).

Site Selection

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

Advertising/Marketing

We have no obligation to conduct any advertising on your behalf or for the Mold Medics franchise system.

Brand Fund

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

We may use Fees in our sole discretion, to market and promote the Mold Medics brand or any other names or marks we use in the System, including to develop, produce, and/or distribute national, regional, or local advertising and public relations materials which promote the brand; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing

activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. We are not required to spend Brand Fund Fees in any specific media. We anticipate using our in-house marketing department to source and place marketing and advertising, but we may source some or all of our marketing in-house or by contracting with marketing consultants or firms. We do not use any portion of the Brand Fund Fees to solicit new franchise sales although we may use funds to improve our website which may contain franchise solicitation materials on it and we may include a notation in any marketing or advertising indicating “Franchises Available.”

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

During our fiscal year ended December 31, 2024, Brand Fund amounts were spent as follows: 6% on content creation, 88% on marketing coaching and training, and 6% on marketing /advertising/promotional services.

Advertising Council/Cooperatives

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

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

Internet and Website

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

repurchase, or transfer of your Franchised Business. (Franchise Agreement – Section XIII.11).

We will perform certain website development and maintenance services for any Internet Presence we approve for your use. You may also use our search engine optimization services. The cost for this service is currently \$305 per month, per territory.

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

Local Advertising

You must spend \$3,000 per month after the third month that your Business is in operation on marketing in your Territory. This requirement is in addition to your Brand Fund obligations.

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

Computer Systems

You must obtain, install, and use, at your expense, the computer hardware and software we may require from time to time. You are responsible for all costs of purchasing, licensing, using or maintaining and upgrading any software or hardware that we require. There are no limitations on the frequency with which we may require upgrades or the cost to you to make those upgrades. You must subscribe to an Internet service provider or other electronic communication provider or service as we may require and otherwise meeting our standards and specifications. We will not integrate any third-party software or services to our systems.

We currently do not have any required computer hardware requirements, except that you must own a personal computer with a high-speed internet connection to the Internet and must have a dedicated digital business telephone number that is listed in telephone directories that we prescribe. You must purchase two iPads or equivalent mobile table devices that meet our specifications.

If you do not already own a personal computer, we estimate that it may cost you up to \$2,000 to purchase the necessary hardware. We estimate the mobile tablets will cost \$800 each. Each of your customer-facing employees must have a device through which they can access and use our required field service software. You will store customer and prospect information along with information regarding projects in your computer system. You must pay us a Technology Fee, currently \$650 per month.

If this is your first Mold Medics franchise we provide you with 4 branded email licenses. You can purchase additional licenses at the then-current charges for those licenses. You must subscribe to an Internet service provider so that we can communicate with you electronically.

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

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

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

Operations Manual

The Table of Contents of our Operations Manual is attached to this Franchise Disclosure Document at Exhibit C. As of December 31, 2024 the Operations Manual contained 105 pages.

Training

We will provide our Initial Training Program to you and other individuals you may designate to attend. If you will have a Manager involved in the operation of the Business, the Manager must also attend and successfully complete to our satisfaction the Initial Training Program. All required attendees must complete the Initial Training Program within 120 days after you sign the Franchise Agreement, otherwise we may terminate your Franchise Agreement and retain all amounts you have paid to us and our affiliates. We schedule our Initial Training Program as often as we deem necessary. This program will consist of approximately 52 hours of classroom training, delivered virtually or in person at a location we designate, and approximately 22 hours of field training. We may conduct this program at our office in Cleveland, Ohio or at such other location as we may designate. You must bring your Mold Medics branded vehicle to the field training. We may waive all or a portion of the training program if you or your employees have sufficient prior experience or training, in our sole determination. We use the Operations Manual as the basis for our initial training program.

Up to three individuals from your organization, including you, may participate in our initial training program without charge of tuition or fee, but they must attend the same session(s). You are responsible for your costs and those of your attendees in connection with attendance at the training program.

We charge a tuition or fee, payable in advance, commensurate with our then-current published prices for attendees, other than as described above. This fee is currently \$500 per day. The availability of the training program to replacement or additional employees will be subject to prior commitments to new or existing franchisees and is scheduled on a space- and time-available basis.

We may provide additional training. If we do, and we permit you to participate, you must pay for this training at our then-current rates and you are responsible for all costs and expenses related to attendance at this training.

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

Our initial training program is conducted under the direction of our Brand Leader, Bryan McMurray. Mr. McMurray has been with us for two years. A description of our initial training program as of the issuance date of this Franchise Disclosure Document is set forth below.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On the Job Training	Location
Introduction and Orientation	2	-	Cleveland OH or designated location
Franchisor/Franchisee Relations	1	-	Cleveland OH or designated location
Start-up and Daily Operations	4	-	Cleveland OH or designated location
Testing	1	1	Cleveland OH or designated location
Mold Remediation	8	8	Cleveland OH or designated location
Air Duct Training	8	8	Cleveland OH or designated location
Sales & Assessments	8	4	Cleveland OH or designated location
Software and Point of Sale Use	16	1	Virtual or designated location
Digital Marketing & Reputation Management	2	-	Cleveland OH or designated location
Local Marketing	2	-	Cleveland OH or designated location
TOTAL	52	22	

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

You may not open your Business until after you and any required attendees have complete the initial training program to our satisfaction and you have obtained all licenses and certifications required by applicable law. You must open your Business within 180 days after you sign the Franchise Agreement. If you fail to open the Business within this time period we may terminate your Franchise Agreement and retain all amounts you have paid to us or our affiliates. The Initial Training Program is provided for the purpose of protecting the goodwill related to the Mold Medics franchise system and the Marks and not to control the day-to-day operation of your Business.

ITEM 12: TERRITORY

We will grant you a designated non-exclusive area (“Territory”) with the following provisions, which will be identified on the Data Sheet to your Franchise Agreement, within which to offer Services and Products to Customers through your Business. Your Territory will comprise an area that includes approximately 250,000 people at the time the Territory is defined, based on data from the most recent U.S. Census. A Territory will be defined by city or county limits, Zip Code areas, street boundaries, or other boundaries. You may not change your Territory without our prior written approval. You may operate your Business out of a home office (so long as it is permitted by local law) or you may lease space for your Business. We expect most franchisees will operate from a home-based office. Your office will be identified as the “Business Location” in the Franchise Agreement. We must approve any relocation of your Business Location. Any new Business Location must be in your Territory and zoned appropriately.

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

We will not establish and operate, nor license anyone else to establish and operate, a Mold Medics Business

offering Services and Products to Customers within your Territory. Except as described in the prior sentence, we and our affiliates may engage in any business activities, under any name or mark, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Business. For example, we may: (1) use, and to license others to use, the Marks and System for the operation of Businesses at any location outside your Territory; (2) advertise or authorize others to advertise anywhere, using the Marks; (3) acquire, be acquired by, merge or affiliate with or engage in any transaction with other businesses (whether or not these businesses are competitive), including competing franchise systems with units operating in your Territory and we may continue to operate any such competitive business(es) in your Territory under a different trademark; (4) contract with and provide services and products to National Accounts at any location, whether or not located within your Territory; (5) permit others to provide services and products in your Territory, but only for certain customers with whom they have a pre-existing relationship based in their own territory, as discussed below; (6) if a natural disaster or similar event occurs in your Territory or a weather event or series of events causes damage to more than 20 buildings in your Territory, we may permit others to provide services and products in your Territory on a temporary response basis; and (7) distribute, or license others to distribute products, whether now existing or developed in the future, identified by our Marks or other marks we own or license through other channels of distribution such as the internet, catalog sales, telemarketing, or other direct marketing within your Territory. We do not pay you any compensation for soliciting or accepting orders from inside your Territory.

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

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

We may also permit other franchisees to provide Services and Products in your Territory, but only for certain customers with whom they have a pre-existing relationship based in their own territory (meaning that the franchisee has provided Services or Products to or for a customer within the franchisee's own territory within the past 12 months) ("Relationship Work"). If a natural disaster or similar event occurs in your Territory or a weather event or series of events causes damage to more than 20 buildings in your Territory, we may permit other franchisees to provide Services and Products in your Territory on a temporary response basis.

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

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

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

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

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

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

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

We may revoke these permissions at any time.

ITEM 13: TRADEMARKS

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

We own the following mark, which is registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”): “Mold Medics” Registration No #88066969, registered on October 15, 2019. We consider this to be our principal trademark. We have filed all required affidavits, renewals, and documents to maintain this mark.

The Marks in the chart below are pending registration on the Principal Register of the USPTO. We do not have a federal registration for these trademarks. Therefore, they do not have many legal benefits and rights as a federally registered trademark. If our right to use these trademarks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Application No.	Application Date
	98453778	March 18, 2024
	98453784	March 18, 2024
	98453793	March 18, 2024
	98453798	March 18, 2024

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

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

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

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

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

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

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

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

You agree to use the Confidential Information only for the purposes and in the manner we authorize in writing. You may not directly or indirectly contest our ownership of any Confidential Information or contest our right to register, use, or license others to use any of such Confidential Information. You may divulge such Confidential Information only to such of your employees as must have access to it in order to operate the Business. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed Confidential Information. You and your owners, officers and directors and your employees may not use or disclose any Confidential Information in any manner other than as we permit in writing. For example, you may not use our Confidential Information, any of the Marks, any part of the System, any of our manuals or any of their content, for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without our express written consent. You may not, without our prior written consent, input any Confidential Information, any of the Marks, any part of the System, the manuals, or any of their content, into any generative AI platform, or disclose this information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize any of the foregoing for training of any AI model or for other purposes.

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

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

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

We recommend that you operate your business at least initially with two employees in addition to yourself, one sales representative and one technician, and we further recommend that these individuals attend the initial training program. Regardless, you, or, if you are a corporation, limited liability company, or partnership, a person designated by you and acceptable to us, must participate personally in the direct operation of the Business (“Manager”). This person must successfully complete our Initial Training Program as a condition to granting a franchise to you. The Manager is not required to have an equity interest in the franchise.

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

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

You may offer and sell through the Business only those products and services that we have approved for the System, and you must offer and sell those products and services that we specify. We have the right to

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

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

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

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	II.A	7 years
b. Renewal or extension of the term	II.B	If you have complied with all the provisions in the Franchise Agreement, you can renew for one additional term equal to the then-current term being offered by us to new Mold Medics franchisees at that time.
c. Requirements for you to renew or extend	II.B	Notify us of intent to renew in writing at least 6 months, but not more than 12 months, before the expiration of the initial term; demonstrate to our satisfaction that you have the right to operate the Business at its location for the duration of the renewal term, or secure a substitute location that we approve; complete, to our satisfaction, no later than 90 days before the expiration of the term of the Franchise Agreement, all upgrades to the Business and your systems, operations, and equipment to conform with our then-current System standards and specifications; not be in breach of any provision of any agreement with us or our affiliates, or Approved Vendors (as defined in the Franchise Agreement), and have substantially complied with all of these agreements; execute our then-current form of franchise agreement (the terms of which may vary materially from the terms of the Franchise Agreement and may include, without limitation, increased or additional royalty fees, advertising obligations, and other fees) and our then-current Renewal Amendment, including a general release, the current form of which is attached to the Franchise Agreement; pay us a renewal fee equal to 10% of the then-current initial franchise fee, which is due and payable upon signing our then-current franchise agreement and is nonrefundable; satisfy our then-current training and compliance requirements for renewing franchisees as of the date of such renewal, if any, at your expense.

Provision	Section in Franchise Agreement	Summary
i. Your obligations on termination/nonrenewal	XVIII	Cease operating; pay us and our affiliates all amounts due; cease identifying yourself with us and our Marks; surrender all materials bearing our Marks or identified with our System; discontinue all use of the Operations Manual and all other confidential information loaned or made available to you; cease using all telephone and fax numbers, listings, and social media and internet sites and listings associated with the Business, and disconnect or transfer them to us as we direct; within 10 days, deliver to us all vendor, supplier, and customer lists and information; notify all vendors, suppliers, and customers that you are no longer associated with the System; immediately cease contact with all customers or prospective customers and provide us with all information relating to such customers; within 5 days, provide all documents and information for all scheduled and ongoing work in your Business and execute all documents and make all communications that we request or that are necessary to effectuate a smooth transition; if we require, sell to us the equipment and tangible assets of the Business that we request to purchase on a depreciated cost basis pursuant to the Franchise Agreement and execute all documents to effectuate transfer; comply with post-termination covenants; transfer to us or remove from the internet all sites referring to your former Business or any Marks; permit us to make a final inspection of your Business, financial records, books, and other accounting records within 6 months of the effective date of termination, expiration, or transfer.
j. Assignment of contract by us	XVI.H	No restriction on our right to assign.
k. "Transfer" by you – definition	XVI.B	Includes transfer of any interest in the Franchise Agreement, the license to use the System and the Marks, the Franchised Business or substantially all of the assets of the Franchised Business, or any interest in the ownership of you (if you are an entity).
l. Our approval of transfer by you	XVI.A	We have the right to approve all transfers, but will not unreasonably withhold our approval.
m. Conditions for our approval of transfer	XVI.C	Allow us or our designee to complete an audit of your business; payment of all amounts due and owing to us, our affiliates, Approved Vendors (as defined in the Franchise Agreement), and third parties; cure all defaults under the Franchise Agreement; transferee must complete the initial training program at transferee's expense within the timeframe we specify; you execute our then-current form of Conditional Consent to Transfer Agreement, including a general release, attached as Exhibit F to this Disclosure Document, transferee executes our then-current form of franchise agreement for the unexpired term of your franchise agreement, which supersedes your Franchise Agreement, and which may have terms that are materially different from your Franchise Agreement; you provide us a copy of the executed purchase agreement and all supporting documents, schedules, etc., and we approve of its terms; transferee demonstrates to our satisfaction that he/she/it meets our qualifications and has adequate financial resources and

Provision	Section in Franchise Agreement	Summary
		capital to meet its performance obligations under the franchise agreement; transferee is not franchising, licensing, selling, or operating a business similar to the Business; and you pay us the transfer fee; you and all persons subject to the covenants in the Franchise Agreement abide by them.
n. Our right of first refusal to acquire your Business	XVI.F	We have the right to purchase your business from you on the same terms and conditions as any bona fide offer you receive.
o. Our option to purchase your Business	XVII.I	Upon termination we have the option to purchase the assets of your Business at a price equal to the depreciated cost for the assets, based on a straight line 60 month amortization period, and the option to repurchase your inventory and supplies for your cost.
p. Your death or disability	XVI.H	Your legal representative may continue operating the Business if he/she obtains our approval, completes our initial training program, and executes a new franchise agreement and all other documents we require.
q. Non-competition covenants during the term of the franchise	XII.A	Neither you nor any of your members, managers, shareholders, directors, officers, partners, managers, or any of their immediate family members may have any interest in, perform services for, or attempt to divert business to any Competitive Business. A “Competitive Business” is any business or venture that competes with us or a Business, or that offers or sells any Services and Products or any other products or services offered by Businesses or by us, or that offers, sells, or grants franchises or licenses to others to do so.
r. Non-competition covenants after the franchise is terminated or expires	XII.B	No involvement in a Competitive Business for 2 years that is located within your Territory, including at the location of the Business, within a 25-mile radius of the Territory or any zip code you operated in within the past 2 years, or within a 25-mile radius of any of our, our affiliates’, or our franchisees’ territories for Businesses in operation or intended to begin operating within 6 months, of the time your Franchise Agreement expires or is terminated or that is offering franchises or licenses, wherever located.
s. Modification of the agreement	VI.M, XXII.A	The Franchise Agreement may be modified only by written agreement of the parties, but we may modify the Operations Manual unilaterally.
t. Integration/merger clause	XXII.B	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XIX.A, B, C	Except for certain claims, all disputes must first be submitted to mediation. If the mediation is unsuccessful, all continuing disputes must be arbitrated before the American Arbitration Association closest to our principal office. (subject to state law).
v. Choice of forum	XIX.D	Litigation in state or federal courts of state in which our principal office is located at time of suit (Subject to applicable state law).
w. Choice of law	XX	Ohio law applies. (Subject to applicable state law).

**ITEM 18:
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19:
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of December 31, 2024 there were 3 franchises operating 6 territories in the Mold Medics franchise system. No franchise permanently closed in 2024.

Below we have provided certain historical financial information for two franchises operating 4 territories that operated for the entire 12-month period ended December 31, 2024. We have excluded one franchise operating two territories that opened in 2024 and did not operate for the entire 12 month period ended December 31, 2024. One of the franchises included in this Item 19 was operated by our affiliate until May 1, 2024 when it was sold to a franchisee. Our former affiliate began operating in 2018 and the other franchise location begin operating in 2021.

The first table below provides Gross Sales of each of the Franchised Businesses discussed above. The second table below provides a breakdown for the 12-month period ended December 31, 2024 of the Gross Sales and average job revenue generated by the two franchises in three categories: mold remediation, air duct cleaning, and combined mold remediation and air duct cleaning jobs.

2024 Gross Sales of Franchised Businesses

	Gross Sales	Territories	
Franchised Business No. 1	\$1,192,456	3	
Franchised Business No. 2	\$231,298	1	

2024 Gross Sales and Average and Median Job Gross Sales by Job Type of Franchised Businesses

Franchised Business No. 1	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>
Annual Gross Sales	\$934,396	\$78,551	\$179,509
Average Job Gross Sales	\$3,094	\$893	\$5,280
Median Job Gross Sales	\$2,569	\$804	\$4,353
High	\$12,876	\$2,469	\$22,564
Low	\$650	\$444	\$1,643

Number of Jobs	302	88	34
#/% of Jobs that met or exceeded Average	108 / 36%	32 / 36%	13 / 38%

Franchised Business No. 2	<i>Mold Remediation</i>	<i>Duct Cleaning</i>	<i>Combo</i>
Annual Gross Sales	\$198,101	\$5,877	\$27,320
Average Gross Sales Per Job	\$2,416	\$653	\$4,553
Median Gross Sales Per Job	\$1,350	\$699	\$3,688
High	\$26,650	\$832	\$8,155
Low	\$200	\$399	\$2,666
Number of Jobs	95	9	6
#/% of Jobs that met or exceeded Average	19 / 20%	6 / 67%	2 / 33%

Notes to All Tables

1. Some outlets have sold these amounts. Your individual results may differ. There is no assurance that you will sell as much.
2. For purposes of this Item 19 job types have been categorized into jobs consisting primarily of mold remediation (referred to in the table as “Mold Remediation”), jobs consisting primarily of air duct cleaning (referred to in the table as “Duct Cleaning”), and jobs consisting of both mold remediation and air duct cleaning (referred to in the table as “Combo”).
3. Written substantiation for the financial performance representations above will be made available to the prospective franchisee upon reasonable request.
4. “Gross Sales” means all revenues derived from business operations, less refunds and sales tax. It does not include any costs or expenses associated with the operation of a Business. This is consistent with the definition of Gross Sales used in the Franchise Agreement.
5. Dollar amounts and percentages have been rounded to the nearest whole dollar and percent.

Other than the preceding financial performance representation, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchise restaurants. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Business, however, we may provide you with the actual records of that Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Kelli Schroeder, 77 North Washington Street, Boston, MA, 02114, telephone (617) 997-4729, the Federal Trade Commission, and the appropriate state regulatory agencies. Written substantiation for the financial performance representations made in this Item will be made available to prospective franchisees upon reasonable request.

**ITEM 20:
OUTLETS AND FRANCHISEE INFORMATION**

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

**Table No. 1
Systemwide Outlet Summary For years 2022 through 2024¹**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	1	1	0
	2023	1	1	0
	2024	1	6	+5
Company-Owned	2022	3	3	0
	2023	3	3	0
	2024	3	0	-3
Total Outlets	2022	4	4	0
	2023	4	4	0
	2024	4	6	+2

¹ For the purposes of this Table, each franchisee’s Territory under a Franchise Agreement is considered a “Franchised Outlet”

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
for years 2022 through 2024**

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets For Years 2022 through 2024¹

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at the End of the Year
Ohio	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	3	0	0	0	0	4
Total Outlets	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	5	0	0	0	0	6

¹ For the purposes of this Table, each franchisee’s Territory under a Franchise Agreement is considered a “Franchised Outlet”

Table No. 4
Status of Company-Owned Outlets For Years 2022 through 2024¹

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
Pennsylvania	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	3	0
Total Outlets	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	3	0

¹ For the purposes of this Table, each franchisee’s Territory under a Franchise Agreement is considered a “Franchised Outlet”

Table No. 5
Projected Openings As of December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	3	0
Florida	0	3	0
North Carolina	0	3	0
Total	0	9	0

The names, addresses and telephone numbers of our franchisees are listed in Exhibit D. Exhibit D also contains a list of franchisees, if any, who had a Franchise Agreement terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the last fiscal year, or who have not communicated with us within 10 weeks of the date of this Disclosure Document is attached as part of Exhibit D. There are no franchisees on this list.

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

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

ITEM 21:
FINANCIAL STATEMENTS

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

ITEM 22:
CONTRACTS

Attached to this franchise disclosure document are the following contracts:

- Exhibit B Franchise Agreement and Exhibits, including Exhibit 4 to Franchise Agreement, Compliance Certification Addendum
- Exhibit F Conditional Consent to Transfer Agreement

ITEM 23:
RECEIPTS

Attached as the last two pages of this franchise disclosure document are copies of the Receipt. You should sign both copies of the Receipt. You should retain one signed copy for your records and you must return the other signed copy to us.

EXHIBIT A

LIST OF STATE AGENCIES/AGENTS FOR SERVICES OF PROCESS

<p><u>CALIFORNIA</u></p> <p>Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013 (866) 275-2677 (toll free)</p>	<p><u>MARYLAND</u></p> <p><u>Agent to Receive Process:</u> Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020</p> <p><u>State Agency:</u> Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202 (410) 576-6360</p>
<p><u>HAWAII</u></p> <p>Commissioner of Securities Hawaii Business Registration Division Securities Compliance Branch Department of Commerce and Consumer Affairs 335 Merchant Street, Room 205 Honolulu, Hawaii 96813</p>	<p><u>MICHIGAN</u></p> <p>Franchise Administrator Consumer Protection Division Michigan Department of Attorney G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 373-7117</p>
<p><u>ILLINOIS</u></p> <p>Illinois Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>	<p><u>MINNESOTA</u></p> <p>Commissioner Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2138 (651) 539-1600</p>
<p><u>INDIANA</u></p> <p><u>Agent to Receive Process:</u> Indiana Secretary of State 200 West Washington Street, Room 201 Indianapolis, Indiana 46204</p> <p><u>State Agency:</u> Indiana Secretary of State Securities Division Room E111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681</p>	<p><u>NEW YORK</u></p> <p><u>State Agency:</u> NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, New York 10005 (212) 416-8222</p> <p><u>Agent to Receive Process:</u> New York Secretary of State 99 Washington Avenue Albany, New York 12231</p>

<p><u>NORTH DAKOTA</u></p> <p><u>Agent to Receive Process:</u> Securities Commissioner 600 East Boulevard Avenue State Capitol – Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510</p> <p><u>State Agency:</u> North Dakota Securities Department 600 East Boulevard Avenue State Capitol – Fourteenth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-2910</p>	<p><u>VIRGINIA</u></p> <p><u>Agent to Receive Process:</u> Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, Virginia 23219</p> <p><u>State Agency:</u> State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051</p>
<p><u>OREGON</u></p> <p>Department of Consumer and Business Services Division of Finance and Corporate Securities Labor and Industry Building Salem, Oregon 97310 (501) 378-4387</p>	<p><u>WASHINGTON</u></p> <p><u>Agent to Receive Process:</u> Department of Financial Institutions 150 Israel Rd. SW Tumwater, Washington 98501</p> <p><u>State Agency:</u> Department of Financial Institutions Securities Division PO Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p>
<p><u>RHODE ISLAND</u></p> <p>Department of Business Regulation 1511 Pontiac Ave., Bldg. 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>	<p><u>WISCONSIN</u></p> <p>Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-0448</p>

EXHIBIT B

FRANCHISE AGREEMENT



MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT

DATE: _____

MDM #_____

**MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT**

DATA SHEET

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

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

MOLD MEDICS FRANCHISING LLC
FRANCHISE AGREEMENT

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5	Franchise Option Amendment
6	Promissory Note
7	EFT Authorization
8	Renewal Amendment
9	Novation Agreement
10	Multi-Territory Development Addendum

MOLD MEDICS FRANCHISING LLC FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement” or “Franchise Agreement”) is effective as of the Effective Date set forth in the Franchise Agreement Data Sheet (“Data Sheet”) attached to this Agreement (“Effective Date”), by and between Mold Medics Franchising LLC, a Pennsylvania limited liability company located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (“Franchisor,” “we”, “our”, or “us”) and the Franchisee identified in the Data Sheet (“Franchisee” or “you”).

BACKGROUND

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

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

AGREEMENT

I. GRANT OF FRANCHISE

A. Grant and Acceptance

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

B. Authorized Services and Products

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

C. Scope of Franchise Operations

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

II. TERM AND RENEWAL

A. Term

This Agreement shall begin on the Effective Date and continue for a period of seven (7) years (the "Term"), unless terminated earlier in accordance with the terms of this Agreement.

B. Renewal

You have the right to renew this Agreement for one additional one additional term equal to the then-current term we are generally offering to new Mold Medics franchise ("Renewal Term"), provided you have met the following conditions:

- i. You have notified us of your intention to renew the franchise in writing at

least 6 months, but not more than 12 months, before the expiration of the Term;

- ii. You have demonstrated to our satisfaction that you have the right to operate the Business at the Business Location for the duration of the Renewal Term, or, if you are unable to operate the Business at the Business Location, you have secured a substitute location that we have approved in accordance with this Agreement;
- iii. You have completed, to our satisfaction, no later than 90 days before the expiration of the Term, all upgrades to your Business and its systems, operations, vehicles, uniforms, marketing materials, and equipment to conform with our then- current System standards and specifications;
- iv. You are not in breach of any provision of this Agreement or amendment or addendum hereto, or any other agreement between you and us, our affiliates, or any of our Approved Vendors, and you have substantially complied with all such agreements during their respective terms. For purposes of this Section, “substantial compliance” with this Agreement or any other agreement shall mean that you have not received any written notification from us or the other party(ies) to such other agreements of a breach under this Agreement or the respective agreement more than twice during the Term of this Agreement;
- v. You have satisfied all monetary obligations you owe us and our affiliates;
- vi. You execute our then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement and may include, without limitation, increased or additional royalty fees, advertising obligations, and other fees and a different territory, and our then-current form of renewal amendment, the current form of which as of the Effective Date is attached as Exhibit 8; provided, however, that you will not be required to pay any initial franchise fee that may be imposed under our then-current franchise agreement;
- vii. You pay us a renewal fee in the amount of ten percent (10%) of the then-current initial franchise fee, which is due and payable upon signing our then-current franchise agreement and will be nonrefundable under all circumstances once paid; and
- viii. You satisfy our then-current training and compliance requirements for renewing franchisees as of the date of such renewal, if any, at your expense.

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

of the Franchise had not expired and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

III. BUSINESS LOCATION AND TERRITORY

A. Business Location

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

B. Territory

- i. You shall receive a Territory, as described on the Data Sheet, with a border coterminous with one or more zip codes, or a geographic area with hard boundaries such as streets, highways, rivers or other identifiable physical boundaries, in which to operate the Franchised Business.
- ii. Except as set forth below, for so long as you are not in default of this Agreement or any other agreement with us, we shall not operate, or grant any other party the right to operate, a business providing residential and commercial cleaning services under the Licensed Marks, the physical premises of which is in the Territory.
- iii. Franchisee acknowledges that the foregoing restriction does not prevent Franchisor or its affiliates from any activity not specifically set forth in such restrictions, including:
 - Operating, or allowing others to operate, similar or identical businesses that are physically located outside the Territory, whether under the Licensed Marks or other trade or service marks, even if the businesses compete with your Franchised Business;
 - Operating, or allowing others to operate, businesses located inside the Territory under the Licensed Marks or other trade or service marks that do not compete with your Franchised Business;
 - Selling products to third parties even if the same or similar products are sold or provided to you for use or resale in the Franchised Business, whether the third parties are located in the Territory or otherwise and whether under the Licensed Marks or other trade or service marks;
 - Selling goods or services, or granting others the right to sell goods

or services, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing), regardless of whether those goods or services are similar to or competitive with those sold by your Franchised Business or are sold using the Licensed Marks or other trade or service marks, or are sold inside or outside the Territory;

- Advertising, or authorizing others to advertise, in any location while using the Licensed Marks, including inside and outside of the Territory.
 - Acquiring businesses that are similar to or competitive with your Franchised Business;
 - Selling all or substantially all, of Franchisor’s assets to any third party regardless whether such third party operates, or franchises the operation of businesses similar to your Franchised Business.
- iv. Referrals. You will refer all Customers and potential Customers seeking Services or Products located outside of your Territory: (i) if the Services or Products are sought in the territory of another Mold Medics franchisee, to that franchisee; or (ii) if the Services or Products sought are not in the territory of any franchisee of Mold Medics, to us or our affiliate, as we direct.
- v. Extra-Territorial Work. With our prior written approval, you may provide Services and Products to Customer locations outside your Territory where no other Mold Medics franchisee or company-owned or affiliate-owned Business has the right to operate a Business, subject to any conditions we may, in our sole discretion, establish. You must pay the Extra-territorial Royalty for all Services and Products provided outside of your Territory. We reserve the right, in our sole discretion, to revoke our written approval at any time for any reason or no reason.
- vi. Pre-existing Relationships. We may, in our sole discretion, permit other franchisees to provide Services or Products in your Territory solely to service a Pre-existing Customer or a customer referred by a Pre-existing Referral Partner (“Relationship Work”) and we may, again in our sole discretion, permit you to perform Relationship Work in territories of other franchisees. If we permit a franchisee to perform Relationship Work in your Territory, we will require the franchisee to pay a fee of up to fifteen percent (15%) of the gross revenue to be generated from the Relationship Work (“Relationship Fee”) to us (in addition to all other royalties). If we receive the Relationship Fee, we will remit such Relationship Fee, to you in accordance with our Operations Manual or as we otherwise specify in writing, so long as you are not in breach of and in full compliance with the terms of this Agreement and Operations Manual. If we permit you to perform Relationship Work outside of your Territory, you must pay the Relationship Fee as provided by our Operations Manual or as we otherwise direct in writing. A “Pre-existing Customer” is a customer to whom Services or Products have been provided by a franchisee in the franchisee’s territory within the past twelve (12) months. A “Pre-existing Referral Partner”

is any person or entity who has referred a bona fide customer to a franchisee for provision of Services or Products within the past twelve (12) months, but only when the customer actually received and paid for Services or Products provided by the franchisee in the franchisee's territory within the past twelve (12) months. If you desire to perform any Relationship Work, you must complete and submit a Relationship Work Request Form and/or provide all information we request. You are not permitted to perform any Relationship Work without our specific written permission.

C. Weather Events Work

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

D. No Relocation

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

E. Our Reservation of Rights

You expressly acknowledge that, except as set forth in Section III.B.i, above, and then subject to the exceptions set forth herein, we and our affiliates may engage in any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Business. For example, we retain all rights, including, but not limited to, the right to: (1) use, and to license others to use, the Marks and System for the operation of Businesses at any location, outside of your Territory; (2) to advertise or authorize others to advertise anywhere, using the Marks; (3) acquire, be acquired by, merge with, affiliate with, or engage in any transaction with other businesses (whether or not these businesses are competitive), including competing franchise systems, with units operating in your Territory and we may continue to operate any such competitive business(es) in your Territory under a different trademark; (4) contract with and provide services and products to National Accounts at any location, whether or not located within your Territory, subject to the rights granted to you as set forth in this Agreement; (5) distribute, or license others to distribute products or services, whether now existing or developed in the future, identified by the Marks or other marks we own or license through any alternative distribution channels, including, without limitation, the Internet, catalog sales, telemarketing or other direct marketing within your Territory; (6) permit others to engage in Relationship Work (as defined above) in your Territory; (7) provide, or allow our affiliates or third parties to provide, Services and Products in your Territory in the event of a Significant Weather Event.

F. National Accounts

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

(2) that is a regional or national chain with five or more locations that has contracted with us, our affiliates, or one or more of our franchisees to obtain Services or Products for two or more of its locations from us, our affiliates and/or Mold Medics franchisees; or (3) which owns, manages, controls, or otherwise has responsibility for businesses in more than one location and whose presence is not confined within any one particular franchisee’s territory.

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

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

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

You agree that you will at all times abide by all of our policies and procedures for National

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

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

IV. FEES AND PAYMENT

A. Initial Franchise Fee

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

B. Royalty Fees

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

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

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

- ii. Extraterritorial Royalty. “Extraterritorial Royalty” shall also be seven percent (7%) of all Gross Sales from sale of services and/or products outside of your Territory (“Extraterritorial Operations”). Payment of the Extraterritorial Royalty does not grant permission to you to perform Extraterritorial Operations, which are permitted only as specified elsewhere in this Agreement.
- iii. Gross Sales. For purposes of this Agreement, “Gross Sales” shall mean all revenues, direct or indirect, derived from the operation of the Business,

including, without limitation, all sales of services and/or products of every kind or nature sold from, at, or in connection with the operation of the Business, including sales made at or away from the Business, whether or not personally performed by you, whether for cash, credit, or any other form of remuneration, less returns for which refunds are made, provided that the refund shall not exceed the sales price. "Gross Sales" includes all revenues received by you or your members, shareholders, partners, employees, or agents for any subcontracts or referrals for Services or Products, or otherwise. "Gross Sales" does not include the amount of any tax you are required to collect by any federal, state, municipal, or other governmental law or rule; you agree to collect and pay such amounts as and when due.

C. Technology Fee

You must pay us our then-current monthly Technology Fee, which as of the Effective Date is \$650 per month. We will provide you with one tenant account for our required field service software and four (4) Mold Medics branded email licenses if you are purchasing your first Franchised Business. If you are purchasing a second or contiguous territory or territories which do not require a second tenant account, then Franchisor, in its sole direction, may waive the Technology Fee for such second or additional territory or territories. Brand Fund Fee

D. Brand Fund Fee

You must contribute to the Brand Fund each month, an amount equal to 2% of your Gross Sales for the immediate prior month ("Brand Fund Fee").

E. User Licenses

If you already own a Franchised Business and you are purchasing a second or additional territory under this Agreement, or if you want to purchase more than four (4) Mold Medics branded email licenses for use in your first Franchised Business, then you must pay us our then-current fee for these licenses, which as of the Effective Date is \$15 per month per email license. This fee shall be due at the time and by the manner required by Franchisor.

F. Additional Fees

You shall pay to us and any third parties approved by us, the then-current fees for any software, equipment, materials, products, services or other items that you purchase from us or any third party, or that you are required to purchase from us or any third party, or that we or any third party approved by us provides to you, under the System and in accordance with this Agreement.

G. Increases

We have the right to increase any fees or other amounts we or our affiliates charge you, excluding the Base Royalty, the Minimum Royalty, the Premium Royalty and the Brand Fund Fee. We will not increase any fee or other amount more than once each calendar year. Except as set forth below, any such increase shall not exceed ten percent (10%) of the then-current fee or other amount for such year. Adjustments are compounded annually and cumulative including increases in any given year of greater than ten percent (10%) to adjust for prior years when no increase was implemented, or an increase of less than ten percent (10%) was made. We will provide thirty (30) days notice

of any such changes. The annual adjustment cap discussed above is not applicable to any fee or other amount that is “optional”, meaning that it is charged by Franchisor or a third party for a service or product that Franchisee is not required to purchase under the terms of this Agreement. It also does not apply to fees or other charges where Franchisor or an affiliate are collecting fees or other amounts on behalf of third-party suppliers. In these situations, we and any third party may increase these fees or other amounts without restriction.

H. Timing

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

I. Right to Retain Amounts Owing

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

J. Electronic Funds Transfer

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

K. Payment

The Royalty Fee, Technology Fee, Brand Fund Fee and all other fees shall, unless otherwise stated herein or specified by Franchisor, be payable on or before the last business day of each calendar month, beginning with the month following the first full month after the date that the Franchised Business commences operations. If this Agreement is entered into in connection with a renewal of the Franchise or transfer of the Franchised Business, then all fees and other amounts shall be payable beginning as of the Effective Date. Any other amounts owed to Franchisor or its affiliates shall be due and payable within ten (10) days following Franchisee’s receipt of an invoice therefor. Any fee or other amount due on a day that is not a business day shall be due the immediately following business day.

- i. Franchisor reserves the right, upon thirty (30) days’ prior notice to Franchisee, to change the frequency of payment of any fees or other amounts, including charging and collecting any fees or other amounts weekly or on any other billing cycle rather than monthly or annually, provided that such fee will be prorated based on the number of days in the applicable billing cycle. Franchisor may modify any payment due

dates stated in this Agreement in its sole discretion at any time upon thirty (30) days notice to you.

L. Late Payments; Interest; Partial Payment

If any fee or other payment due under this Agreement is not paid on the date such payment is due, you shall pay interest to us at the rate of the lesser of twelve percent (12%) per annum, or the maximum rate permitted by applicable law, from the date such amounts were originally due until the date paid. Any acceptance of an amount which is less than the full amount due, shall not be considered a waiver of our right to (or your obligation for) the full amount then due, or which may become due in the future.

M. Advances; No Setoff

Franchisee shall pay us all amounts, if any, advanced by Franchisor or which Franchisor has paid, or for which it has become obligated on Franchisee's behalf for any reasons whatsoever, promptly upon Franchisor's notice to Franchisee of such amounts being due and payable. Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement or otherwise or setoff any such amounts against any amounts claimed to be due to Franchisee.

N. Taxes

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

V. TRAINING

A. Initial Training Program

You or, if you are a corporation, partnership, limited liability company, or other legal entity, then the person designated by you and approved by us to assume primary responsibility for the management of the Business ("Manager"), are required to attend and successfully complete to our satisfaction our initial training program at our training facility or such other place that we designate, and at the time and according to the schedule that we specify. Up to three individuals are eligible to participate in our initial training program; but all must attend the same session(s). We may choose to permit other individuals from your Business to participate in the initial training program for the then-current fee we have established. You are responsible for any travel, meals, lodging and salary expenses incurred in connection with attendance at the initial training program by you, your Manager, and any other individual attending the training from your Business. You and/or your Manager must successfully complete the initial training program to our satisfaction within one hundred twenty (120) days after signing this Agreement. Before you begin operating your Business. We are required to offer the initial training program to you only once, even if you purchase additional Territories. We will establish the initial training program schedule as we deem appropriate.

B. Additional Training

- i. Requested Additional Training. If you desire additional training for yourself or your employees, you may request additional training from time to time and we

may choose, but are not required, to provide additional training to you, your Manager, or your employees at such times and places and for such duration as we determine; provided that you are required to pay in advance the rates that we establish for the training we provide as well as the cost of transportation, meals, and lodging that we or our employees or you or your employees incur to provide the additional training.

- ii. Required Additional Training and Education. We, in our sole discretion, may require you or any Manager, or any person or persons employed in a managerial or other responsible capacity by you to complete or repeat the initial training program or additional training or education that we designate and you will be responsible to pay the rates that we establish for such training and all expenses associated with attendance by you and your employees at such training.

VI. FRANCHISE OPERATION

A. Commencement of Operations

You must open your Business to the general public no later than one hundred twenty (120) days after the Effective Date. If this Agreement is signed as part of the purchase of multiple territories, then you may be required to sign the Multi-Territory Development Addendum attached hereto as Exhibit 10 and your deadline to open the Franchised Business will be set forth in the Addendum. Prior to the opening of your Business, you or a Manager must have completed our initial training program and have obtained the necessary licenses and permits to operate the Business. You shall operate the Business without interruption following the opening. If you fail to timely open your Franchised Business we have the right to terminate this Agreement and in such case retain all amounts you have paid to us and our affiliates.

(i) You must operate the Franchised Business from an office located inside your Territory and such office location must be selected by you and approved by us prior to opening. If you own and operate more than one Franchised Business, we may consent to you operating from an office located in an adjacent and contiguous Territory, provided you demonstrate to our satisfaction that such location will not impair your ability to service customers in the Territory. You may not change your office location without our prior written approval.

(ii) Before opening the Franchised Business, you shall, at your sole expense, furnish to us for approval, certifications from all governmental authorities having jurisdiction over the Franchised Business that all necessary permits and licenses have been obtained and that all requirements for operation of the Franchised Business have been met.

(iii) Before opening the Franchised Business, you shall purchase or lease at least one (1) vehicle that is specifically approved by us as to make and model. This vehicle must meet all of our standards and specifications, including that it be painted and/or wrapped with graphics and decals according to our specifications. You shall continue to have at least one (1) approved vehicle at all times during the Term of this Agreement. You shall maintain all vehicles used in the operation of the Franchised Business in good appearance and operating condition.

B. Management

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

C. Operations

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

- i. maintain consistently prompt, courteous, efficient, and high quality business operations and operate the Business in accordance with the Operations Manual and in such a manner as not to detract from, or adversely reflect upon, our name and reputation and the goodwill associated with the arks;
- ii. conduct and operate your Business during the hours we specify from time to time and in compliance with all applicable local, state, and federal laws and regulations, including any environmental laws that may apply, licensing requirements, regulations and other ordinances;
- iii. promptly pay when due all obligations owed to taxing authorities incurred in the operation of the Business, including without limitation, unemployment and sales taxes, and any and all other indebtedness of every kind you incur in the operation of the Business. In the event of a bona fide dispute as to the amount or liability for any such obligation, you may contest the validity or the amount of the tax or indebtedness in accordance with applicable procedures; however, in no event will you permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor to occur against the Business or its assets;
- iv. comply with all agreements with third parties related to the Business and pay when due all obligations owed to us, our affiliates, or third parties;
- v. provide all Services and Products personally, and not through any subcontract or referral relationship, except as we may expressly permit in the Operations Manual or otherwise;
- vi. properly manage the Business, present a professional appearance as described in the Operations Manual, and render competent and courteous service to and ensure the satisfaction of Customers, vendors, and suppliers of the Business; and

- vii. be exclusively responsible for the conduct and control of your employees and employment practices, including hiring, firing, training, ensuring compliance with operational standards, and compensation of your employees. Nothing in this Agreement shall be deemed to make your employees, representatives or agents: (i) subject to our control; (ii) our employees, or (iii) joint employees.

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

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

profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee.

- (vii) Franchisee will not devise, develop or implement any modifications or changes to any of the software or systems used by the Franchise System without Franchisor's prior written approval.

E. Technology Upgrades

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

F. Privacy and Security

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

remediate the source of any compromise of security breach at its expense. Franchisee shall indemnify and hold harmless Franchisor from any suits, demands, actions, complaints, claims, investigations, fines, penalties, compliance actions and any other costs, including legal fees, compliance fees and damages, arising out of Franchisee's failure to comply with applicable data privacy or data security laws, regulations, standards, protocols or policies or any other matter addressed in this Section.

G. Quality Control; Required Services and Products

- i. Compliance with Operations Manual and Standards and Specifications. You acknowledge and agree that your obligations stated in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Business and to maintain uniformity throughout the System. You must adhere to the standards and specifications stated in this Agreement and the Operations Manual, as revised or amended from time to time. You shall operate your Business in compliance with our then-current standards and specifications, which we establish from time to time. We have the right to change our standards and specifications in our sole discretion. You acknowledge that you may incur increased costs to comply with this Agreement and the Operations Manual, including additions, deletions, and changes thereto.
- ii. Required and Approved Services and Products.
 - a. *Required Services, Products, and Vendors.* You must purchase, use, and/or sell in your Business all of the items that we designate in our Operations Manual ("Designated Services," "Designated Products," and "Designated Services and Products"). You must purchase all Designated Services and Products from the parties we require ("Designated Entity" or "Designated Entities"), which may be us, an affiliate or a third party. If we have identified Designated Entities for provision of a Designated Service or Product, you may not provide the product or service yourself, or have another party provide the product or service for you. We may add, remove, or change any Designated Entity or the products or services you may receive from such Designated Entity at any time, and you must comply immediately. We and our members, directors, officers, employees, and affiliates may receive payments, rebates, discounts, and other remuneration, directly or indirectly, from the purchases you make in connection with the operation of your Business. We choose Designated Services and Products and Designated Entities in our sole discretion.
 - b. *Approved Services, Products, and Vendors.* We may, from time to time, approve certain services or products for purchase, sale, or use in a Business ("Approved Service," "Approved Product," and "Approved Services and Products," as the case may be) and we may specify one or more entities that we approve for provision of certain Approved Services and Products (each an "Approved Entity," collectively, "Approved Entities"). You must not purchase, sell, or use any product or service that is not at the time a Designated Service, Designated Product, Approved Service, or Approved Product ("Designated or Approved Services and Products"). You also must not purchase, sell, or use Designated or Approved Services and Products from, to, or through a person or entity that is not a Designated Entity or Approved Entity for such Designated or Approved Services and Products.

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

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

- c. *Restrictions Relating to Approved Vendors.* Designated Entities and Approved Entities are referred to together as “Approved Vendors.” We may require specific conditions or place restrictions on the use of Approved Vendors based on factors that we determine in our sole discretion. You acknowledge that our choice of and decision to change Approved Vendors and/or the restrictions we place on the availability of Approved Vendors may materially impact your Business. You agree that we may make such choices, changes, and restrictions in our sole discretion, regardless of any financial, operational, or other impact it may have on you or other franchisees.
- i. **Uniforms.** You are required to use, and to require your employees and agents to use, the uniforms and attire that we prescribe and to purchase or lease such uniforms and attire from a Designated or Approved Entity.
 - ii. **Inventory and Consumables.** You must, at all times, maintain sufficient levels of products, inventory, and consumables to adequately satisfy Customer demand. We may establish minimum inventory and consumables levels that you are required to maintain.
 - iii. **Phone Numbers.** You must establish, maintain (or we may choose to establish and/or maintain for you, and if we do, we may charge a fee for establishing or managing), and use one or more telephone numbers dedicated to the Business (“Business Numbers”), all as required by our Operations Manual. You agree to disclose to us all of the Business Numbers used in your Business in a form that we may provide from time to time (“Business Contact Form”), and to update the Business Contact Form no later than three (3) days following any change. We may limit the number of Business Numbers and/or the area codes and phone number types. All communications relating to the Business must be through the Business Numbers. You agree that all Business Numbers are our sole property and that we may audit and/or access and record your Business Numbers, consistent with applicable law.
 - iv. **Required and Approved Services and Products.** We expressly reserve the right to require our approval of all products and services that you offer, sell, purchase,

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

H. New Programs, Services, and Products

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

I. Remodeling

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

J. Inspections

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

K. Licenses, Certifications, and Permits

You agree to obtain and maintain all licenses, permits, and certifications required to operate your Business. You must ensure that you and your employees and contractors obtain all necessary licenses and certifications for providing any Services and Products prior to providing any such Services and Products. You and your employees and contractors must maintain such

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

L. Franchisor Assistance

- i. Pre-opening Assistance. In the initial establishment of your first Business, we or our affiliates will:
 - a. approve your Business Location when it meets with our requirements as we establish from time to time;
 - b. provide you with the initial training program described above;
 - c. Provide the names of required or approved vendors, suppliers, and service providers (which may include us or our affiliates); and
 - d. provide you with electronic access to the Operations Manual, including all updates and revisions, in electronic form.

- ii. Ongoing Assistance. During the Term of this Agreement, we:
 - a. will, at your reasonable request and for a reasonable period of time that we determine, consult with you by telephone or email regarding the continued operation and management of your Business and advise you regarding services, customer relations, and similar topics, as we deem appropriate;
 - b. will provide you with ongoing updates of information and programs regarding your Business and the System, including, without limitation, information about special or new products or services which may be developed and made available to franchisees in forms that we determine (including e-blasts, online webinars, conference calls, etc.);
 - c. will provide training for replacement or additional Managers during the Term of this Agreement in exchange for a tuition or fee for the replacement training at our then-current rates. All amounts will be payable in advance. You are responsible for all travel and lodging expenses incurred by your personnel during the training program. The availability of the training program to replacement or additional personnel is subject to our prior commitments and schedule;
 - d. will, if you request additional assistance and we agree to provide the same, provide you with such assistance so long as you pay our then-current fees for such assistance. We may also charge you for all travel, lodging, meals, telephone charges, and other identifiable expenses associated with such assistance; and

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

M. Payment Processing Services

Unless otherwise determined by Franchisor, Franchisor shall provide Franchisee with payment processing services. Franchisee must have at least one account for processing credit card and other forms of electronic payment. If Franchisee has multiple bank accounts for paying or receiving payment, it must have one account per bank account. Franchisee shall pay all charges of Franchisor for this service including any monthly fees and per transaction fees, at the times and in the manner required by Franchisor.

N. System Changes

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

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

A. Accounting

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

B. Books and Records

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

C. Reports

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

- i. annual financial reports and operating statements in the form we specify, prepared by a certified public accountant or state licensed public accountant, within 90 days after the close of each of your fiscal years, and containing at least a profit and loss statement, balance sheet, accounts payable and accounts receivable;
- ii. state and local sales tax returns or reports and federal, state and local income and payroll tax returns for each year in which your Business is operated, within 30 days after their timely completion;
- iii. an unaudited quarterly profit and loss statement covering your Business by the 5th day following the close of each quarter;
- iv. an unaudited profit and loss statement covering the Business for your fiscal year end, within 60 days after the close of each of your fiscal years; and
- v. such other reports as we may from time to time require, in the form and at the time we prescribe. To assist you in recording and keeping accurate and detailed financial records for reports and tax returns, we, at our discretion, may specify the form in which the business records are to be maintained, provide a uniform set of business records for you to use, and specify the type of equipment to be used in connection with the Business.

D. Audits

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

VIII. OPERATIONS MANUAL

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

control.

IX. MARKS

A. Ownership

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

B. Protection

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

C. Modification

You acknowledge that we shall have the exclusive right to add, modify, discontinue and/or substitute any or all of the Marks on behalf of the System, as we deem appropriate in our sole discretion. Within 10 days from receiving our written notification, you must, at your sole cost and expense, discontinue using all Marks which we have modified or discontinued and begin

using all additional, modified, or substituted Marks, as we specify. Nothing under this Section will materially alter your fundamental rights under this Agreement.

D. Use of Marks and Business Name

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

X. ADVERTISING AND MARKETING

A. Generally

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

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

B. Local Marketing

You are required to spend a minimum of three thousand dollars (\$3,000) per month in local

marketing in your Territory starting after the third month your Business is in operation. This requirement is in addition to your Brand Fund obligations and any other advertising and marketing requirements.

C. Brand Fund

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

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

D. Internet Presence

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

- (i) Franchisee may not register or use all or part of any of the Licensed Marks, or any similar name, word, symbol, or variant thereof, in a domain name, email address, account name, username, profile, or URL. Franchisor will retain sole ownership of any Internet Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Licensed Marks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.
- (ii) Franchisor reserves the right at any time, in its sole discretion, to require Franchisee to remove, delete, or modify any Internet Presence, or any information, content, or post thereon.
- (iii) Upon request, Franchisee must provide Franchisor with all passwords and access to any Internet Presence.

E. Photos and Videos

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

F. Satisfaction/Surveys

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

G. Social Media Prohibitions

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

H. Advertising Council/Cooperatives

We have the right to establish an advisory council of franchisees ("Franchisee Advisory Council") to advise us on various issues and strategies. The Franchisee Advisory Council will have an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or dissolve the Franchisee Advisory Council at any time. We may establish advertising cooperative in various markets. If we do,

we may require your participation. However, any contributions to a cooperative will offset any local advertising requirement. The area of any cooperative will be determined by us based on geographical and advertising market factors at the time. Neither we nor our affiliates will be required to participate in any cooperative but we may. Each cooperative will be administered as determined by its members, but subject to our right to veto any decisions of the cooperative. We may form, change, dissolve or merge any cooperative. Any cooperative will prepare annual financial statements which will be available for review by its members. Any cooperative will be governed based on written documents.

XI. CONFIDENTIAL INFORMATION

A. Nondisclosure

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

B. Creative Ownership

All works created by you or any of your owners, officers, or employees in connection with the Business shall be our sole property. You assign all proprietary rights, including copyrights, in these works to us without additional consideration. You hereby assign and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights, and trade secrets developed in part or in whole in relation to the Business, during the Term of this Agreement, as we may deem necessary in order to enable us to apply for, prosecute, and obtain copyrights, patents, or other proprietary rights in the United States and in foreign countries or in order to transfer to us all right, title, and interest in said property. You shall promptly disclose to us all inventions, discoveries, improvements,

creations, patents, copyrights, trademarks, and confidential information relating to the Business and the System which you or any of your owners, officers or employees has made or may make solely, jointly, or commonly with others, and shall promptly create a written record of the same.

C. Artificial Intelligence

Franchisee may not use Confidential Information, any part of the System, any of the Marks, the Operations Manual or any information contained therein, for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities without the express written consent of Franchisor. Such uses shall not be deemed related to the performance of this Agreement and are expressly prohibited. Franchisee shall not, without prior written consent by Franchisor, input any Confidential Information, any part of the System, any of the Marks, the Operations Manuals or any information contained therein, into any generative AI platform, or disclose such information to any provider or source of generative AI services. Franchisee shall opt out of allowing any provider or source of generative AI to utilize any of the foregoing for training of any AI model or for other purposes.

XII. NONCOMPETITION

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

A. Non-Competition During Term

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

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

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

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

B. Post-Termination Covenant Not to Compete

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

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

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

XIII. INDEPENDENT CONTRACTOR

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

XIV. INDEMNIFICATION

You must defend, indemnify and hold us harmless from all fines, suits, proceedings, claims, demands, obligations or actions of any kind (including costs, attorneys' fees, and expert fees) arising in whole or in part from the operation of the Business (including your advertising and business practices), except for our intentional acts that solely and directly result in the fines, suits, proceedings, claims, demands, obligations, or actions, and except as otherwise provided in this Agreement. You agree to defend, indemnify, and hold us harmless, and reimburse us for all costs expenses (including costs, attorneys' fees, and expert fees), damages, and liabilities with respect to any matter in which we are deemed liable to any person, entity, or government entity as a joint employer. You further agree to indemnify and reimburse us for all costs, expenses (including costs, attorneys' fees, and expert fees), damages, and liabilities arising out of misuse, misappropriation, or improper dissemination of Confidential Information by you or any of your current or former owners, managers, employees, agents, or affiliates, or any other entity or person who received Confidential Information from any of such persons or entities.

XV. INSURANCE

A. Insurance Coverage

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

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

B. Additional Insured Provisions

All liability insurance policies must name us and any subsidiaries and affiliates that we designate as additional insureds entitled to the coverage afforded to all named insureds without regard to any other insurance or self-insured program which we may have in effect. All such

policies must provide that we receive thirty (30) days prior written notice of termination, expiration, cancellation, modification, or reduction in coverage or limits of any such policy. The terms and conditions of all such policies, including the amount of any deductibles, shall be consistent with the requirements prescribed from time to time by us. You agree to promptly pay when requested by the insurer the amount of the deductible applicable to, and in the event of, any covered loss.

C. Rating Criteria

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

XVI. SALE OR TRANSFER

A. Transfer by You

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

B. Ownership Changes

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

- i. all or substantially all of the assets of the Business are to be sold, assigned, or transferred to a bona fide third party;
- ii. if you are a partnership or other business association, the addition or deletion of a partner or member of the association or the transfer of any partnership or membership among existing partners or members;

- iii. if you are a corporation, any transfer, new issuance, or assignment of any stock of the corporation; or
- iv. if you are a limited liability company, any transfer, new issuance, or assignment of any ownership interest in the limited liability company.

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

C. Conditions for Approval

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

- i. Completion of an audit of your Business by us or our designee;
- ii. Payment of all amounts due and owing to us, our affiliates, Approved Vendors, and third parties;
- iii. All existing defaults under this Agreement are cured within the period permitted for cure;
- iv. The transferee shall satisfactorily complete our initial training program at the transferee's expense within the time frame we specify;
- v. The transferee shall execute our then-current form of franchise agreement for the remaining Term of this Agreement or for a new term, as we determine, which franchise agreement shall supersede this Agreement in all respects. The terms of the new franchise agreement may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional initial franchise fee;
- vi. You provide us a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and schedules, including the transferee's assumption of, and agreement to faithfully perform, all of your obligations under this Agreement and we approve of its terms;
- vii. You promptly provide us with all information that we request relating to the Business, the transfer, and the transferee;
- viii. The transferee shall demonstrate, to our satisfaction, that he or she meets our educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as us either as licensor, franchisor, independent operator, or licensee of any other store, chain, or network which is similar in nature or in competition with us, except that the transferee may be our existing franchisee;

- ix. You and the transferee execute our then-current form of conditional consent to transfer agreement, which will include a general release of any and all claims against us and our affiliates, and our and their respective officers, directors, shareholders, employees, and agents in their corporate and individual capacities;
- x. You pays us a transfer fee equal to five thousand dollars (\$5,000); and
- xi. You and all persons subject to the covenants stated in Sections XI and XII of this Agreement comply with the post-termination provisions, including without limitation those contained in Sections XI and XII of this Agreement.

D. Transfer to a Corporation or Limited Liability Company

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

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

E. Our Approval of Transfer

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

of our approval or disapproval within the 30-day period, approval is deemed denied. Our approval of one transfer does not constitute approval of any subsequent transfer.

F. Right of First Refusal

If you propose to transfer either this Agreement or all or substantially all of the assets used in connection with the Business or any interest in your lease at the Business Location to any third party (other than a corporation or limited liability company that you own as stated in Section D, above) in connection with a bona fide offer from such third party, you shall first offer to sell such interest to us on the same terms and conditions as offered by such third party. You shall obtain from the third party and provide us a statement in writing, signed by the third party and you, of the terms of the offer (“Letter of Intent”). If we elect not to accept the offer within a 30-day period of our receipt of all information we may request to evaluate the offer, including the Letter of Intent, you shall have a period not to exceed 60 days to complete the transfer described in the Letter of Intent subject to the conditions for approval stated in Section C, above. You shall affect no other sale or transfer as contemplated under the Letter of Intent or otherwise without first complying with all applicable terms contained in this Section XVI. Any material change in the terms of the offer shall be deemed a new proposal subject to our right of first refusal. So long as you have obtained our prior written consent, which shall not be unreasonably withheld, a transfer as a result of the death, disability, or incapacitation of a shareholder or partner in accordance with the provisions stated in this Section XVI is not subject to our right of first refusal.

G. Death or Disability

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

until a future available training session to complete training.

H. Assignment by Franchisor

This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interest. Franchisee expressly affirms and agrees, that we may sell our assets, the Marks or the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (of any variation thereof) and/or the loss of association with or identification of “Mold Medics Franchising, LLC” as franchisor under this Agreement.

XVII. BREACH AND TERMINATION

A. Automatic Termination

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

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

B. Termination With Notice and Without Opportunity to Cure

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

- i. Unauthorized Disclosure. You disclose to any unauthorized person any Confidential Information, including the contents of or any part of our Operations Manual;
- ii. Abandonment. You voluntarily or otherwise abandon the Business. The term “abandon” includes any conduct which indicates a desire or intent to discontinue operation of the Business in accordance with the terms of this Agreement and

shall apply in any event if you fail to operate the Business as required under this Agreement for a period of five (5) or more consecutive days without our prior written approval;

- iii. Insolvency. You or any of your owners becomes insolvent;
- iv. Liens. A levy, writ of attachment or execution, or any other lien is placed against you, any of the assets of the Business or any of your owners or any of their assets, which is not released or bonded against within 30 days;
- v. Criminal Acts. You or any of your owners or any Manager is convicted of, or pleads guilty or no contest to, a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in our sole discretion, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof, or takes part in any criminal misconduct relevant to the operation of your Business;
- vi. Misuse of Marks or Impairment of Goodwill. You violate any provision of this Agreement relating to the Marks, you misuse or fail to follow our directions and guidelines concerning use of the Marks, or you commit any act which materially impairs the goodwill associated with our Marks;
- vii. Repeated Defaults. You have received three notices of default from us within any 12-month period or two notices of default regarding the same matter in any 13-month period, regardless of whether you cured the defaults;
- viii. Violation of Restrictive Covenants. You, any related entity, or any individual or entity subject to the restrictive covenants described in this Agreement violate one or more of those covenants;
- ix. Fraud. You or any of your owners commits any fraud or misrepresentation in the operation of the Business;
- x. Misrepresentation. You or and of your owners make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation;
- xi. Understatement or Misrepresentation of Gross Sales or Royalties. You report to us Gross Sales that are more than 2% less than the actual Gross Sales you achieved for any period or you otherwise misrepresent or improperly categorize Gross Sales with the result that the amounts you owe to us are understated by more than 2%; or you withhold our access to accounting and financial systems or data, revoke any electronic-funds transfer authorization, initiate any stop payment against us;
- xii. Breach of Other Agreements. You or any of your owners materially breach any other agreement with us or any of our affiliates or Approved Vendors, or threaten any material breach of any such agreement, and fails to cure such breach within any permitted period for cure;
- xiii. Unauthorized Products or Services. You offer, sell, order, or purchase any

product or service that we have not authorized or otherwise approved;

- xiv. Failure to Complete Training. You fail to complete initial training to our satisfaction within 120 days of the Effective Date of this Agreement or fail to complete to our satisfaction any other training that we require you to complete within the timeframe we provide;
- xv. Failure to Open. You fail to commence operation of your Business within 180 days of the Effective Date; or
- xvi. Business Location. You fail to obtain our approval of your Business Location within 120 days of the Effective Date.

C. Termination Upon 10 Days' Notice to Cure

We have the right to terminate this Agreement if any of the following defaults remain uncured after expiration of the 10-day cure period:

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

D. Termination Upon 30 Days' Notice to Cure

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

or those matters for which the cure periods less than 30 days.

E. Cure

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

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

If you fail, refuse, or neglect to pay us or our affiliates any monies owing to us or our affiliates on the date due, you grant immediately to us, at our option (which may be exercised at our convenience), a security interest and lien in all of your assets, including, without limitation, all equipment, vehicles, fixtures, inventory, deposit accounts, accounts receivable, and supplies. If we exercise our option hereunder (which we may exercise at any time that you are not in full compliance with this Agreement), you hereby appoint us as your attorney-in-fact, with full power and authority to endorse your name on a security agreement naming us as the secured party and granting a continuing lien on and security interest in all right, title, and interest that you have, whether now existing or hereafter created, in and to all of your equipment, vehicles, fixtures, inventory, deposit accounts, accounts receivable, and supplies to secure payment and performance of all your obligations and indebtedness then existing or that become in the future owing to us. You further authorize us and our attorneys and agents to file appropriate financing statements, amendments, and other documents as deemed necessary by us to secure our interest in your assets; such financing statements may describe the collateral as “all assets” or “all personal property” that you now own or acquire in the future. We shall have all rights and remedies of a secured party under applicable laws.

G. Recovery of Marks and Confidential Information

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

H. Right to Repurchase Franchisee Assets

Upon termination of this Agreement, we have the option to purchase the vehicles, equipment, and all other tangible assets of your Business at a price equal to the depreciated cost thereof, based on a straight line sixty (60) month amortization period, and the option to repurchase your inventory and supplies for your cost, as we determine in our sole discretion. We may exercise our option under this subparagraph and take immediate possession of all such assets upon sending notice to you. If we exercise this option, we will notify you and provide you with a bill of sale incorporating the purchase price based on the method described in this subparagraph and the assets being purchased by us. If you believe that our determination of the original purchase price paid by you for any item is incorrect, you shall, within five (5) business days, provide us with the evidence supporting this belief. We may make adjustments as we believe appropriate in our sole discretion. You shall have ten (10) business days from the date such notice and bill of

sale is delivered to the Business Location Address to return the bill of sale executed by you. If we have not received the executed bill of sale from you within ten (10) business days from the date it was delivered to the Business Location Address, you hereby expressly appoint us to act as your attorney in fact to execute the bill of sale and any other documents necessary to complete transfer of ownership of the purchased assets. We may set off the purchase price amount or any portion thereof against any amounts owing by you to us or our affiliates.

I. Right to Withhold Products and Services

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

J. Right to Manage in Default

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

K. Termination Not Exclusive Remedy

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

L. Future Royalties

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

M. Non-waiver

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

XVIII. FRANCHISEE OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

1. Cease all operations under this Agreement;
2. Pay to us and our affiliates all unpaid fees and monies owed, including Royalty Fees, Brand Fund Fees, Technology Fees and any and all other amounts or accounts payable then owed to us, our affiliates, and Approved Vendors under this Agreement, any other agreement, whether written or verbal, or otherwise;
3. Cease to identify yourself as a Mold Medics franchisee or publicly identify yourself as a former franchisee or having been associated with us, and immediately cease use of any of our or the Marks, Confidential Information, trade secrets, signs, symbols, devices, or other materials. You hereby irrevocably appoint us as your attorney-in-fact to execute in your name and on your behalf all documents necessary to discontinue your use of the Marks and Confidential Information;
4. Surrender to us all marketing materials, forms, samples, pamphlets, and other materials bearing any of the Marks and all items which are identified with us or our System and obtained by and in connection with this Agreement;
5. Return to us the Operations Manual and all other manuals and confidential information we made available to you for your use, and immediately and permanently cease use of the Confidential Information;
6. Cease using all telephone and facsimile numbers and listings and all social media and internet sites, listings, and accounts used in connection with the operation of the Business, and direct the appropriate hosts and/or controllers of such content (e.g. telephone company, telephone directory publishers, website administrators, etc.) to transfer all such numbers, sites, accounts, and listings to us or our designee, or, if we direct, to disconnect or close the numbers, sites, and accounts. By executing this Agreement, you hereby appoint us as your agent in fact to execute any documents on your behalf in order to transfer such numbers, sites, and listings from you to us or the person or entity we designate. You also agree to execute any documents that we may require to effectuate transfer of all such numbers, sites, and listings;
7. Deliver to us, all customer, transaction, and vendor lists, records, information, and data and, if we instruct you, notify all vendors, suppliers, and customers that you are no longer associated with us or the Business in the manner and method that we prescribe; and immediately cease contact or communication with all customers or prospective customers with whom you were communicating and submit to us all

documents or other information on such customers;

8. Provide all documents and information for all scheduled and/or ongoing open work in your Business to us within five (5) days of the expiration or termination and execute all documents and make all communications that we request or that are necessary to effectuate a smooth transition;
9. At our request, sell to us the equipment and tangible assets of the Business that we request to purchase pursuant to Section XVII (H) of this Agreement, immediately turn over all such assets to us, and execute all documents (including title transfer documents and bills of sale) necessary to effectuate the transfer.
10. Comply with the post-termination covenants stated in this Agreement, including the non- compete covenants stated in Section XII of this Agreement, all of which survive the transfer, termination or expiration of this Agreement;
11. If applicable, take such action as may be required to transfer to us or remove from the internet all sites referring to your former Business or any of the Marks and to cancel or assign to us, in our sole discretion, all rights to any domain names or other accounts for any sites on the internet that refer to your former Business or any of the Marks; and
12. Permit us to make a final inspection of your Business, financial records, books, and other accounting records within six months of the effective date of termination, expiration, or transfer, as we request.

XIX. DISPUTE RESOLUTION

A. Arbitration

This Agreement is subject to the terms and provisions of the Federal Arbitration Act, Title 9, of the United States Code. Any and all other controversies or claims whatsoever arising out of or relating to this Agreement or to any ancillary agreement between the parties or with regard to their interpretation, formation or breach, shall be settled by binding arbitration according to the commercial rules of the American Arbitration Association as hereinafter provided.

- i. Prior to submitting any claim or dispute to arbitration, you shall give notice thereof to us setting forth in reasonable detail the nature and basis of the claim or dispute. The parties shall then seek to negotiate and resolve the dispute by direct negotiation between you and us over a period of not less than thirty (30) days. If the dispute is not resolved directly by the parties, the parties shall then submit the dispute to mediation with an independent mediator agreed upon by the parties within another thirty (30) days unless the parties agree to forego mediation. Each party will bear their own costs and fees of the mediation; however, the mediator's fee will be split equally between the parties.
- ii. If the dispute is not resolved through negotiation or mediation, either party may send written notice to (1) the other party, and (2) the Regional Office of the American Arbitration Association in or closest to the location of our principal offices at that time invoking the binding arbitration provisions of this

Subsection. Any arbitration shall be conducted in the city or town in which our principal offices are located before a single arbitrator located within the state in which we are located who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. If the parties cannot agree upon an arbitrator, the arbitrator shall be selected in accordance with the American Arbitration Association rules. Prior to the commencement of hearings, the arbitrator shall provide an oath of undertaking of impartiality. The award of the arbitrator shall be final. The parties' further consent to the jurisdiction in any appropriate court to enforce the provisions of this Section and/or to enter a judgment upon any award rendered by the arbitrator. The costs and expenses of arbitration, including the prevailing party's attorney's fees and costs and the compensation and expenses of the arbitrator, shall be borne by the non-prevailing party.

- iii. In the event that any such controversy or claim arising from this Agreement involves any of your officers, directors, shareholders, employees, representatives or agents, then any such controversy or claim shall also be submitted to binding arbitration in the same manner as set forth above. In the event any controversy or claim is submitted to binding arbitration as set forth above, the parties hereto agree that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrator, unless the parties otherwise mutually agree in writing to expand the scope of discovery.
- iv. In proceeding with arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

B. Injunctive Relief

Despite any language hereinabove to the contrary, we expressly reserve the right, at our sole and exclusive discretion, to seek injunctive relief from a court of competent jurisdiction to enforce your post-termination covenants, including the non-competition covenants, to enjoin the disclosure of or improper or unauthorized use of our Confidential Information of the System including, but not limited to, the Manuals, customer lists, Licensed Marks, or to enjoin you from any existing or threatened conduct, pending completion of the above-noted binding arbitration, which we reasonably believe could cause any harm or damage to us or to the System. In the event we file a lawsuit to seek injunctive relief as hereinabove provided, such action shall not constitute, nor be deemed to constitute, a waiver by us of our right to invoke the binding arbitration provisions of this Agreement.

C. Jurisdiction

With regard to all claims brought under Section XIX B., you further agree as follows:

- i. You consent and agree that the following courts shall have personal jurisdiction over you in all lawsuits relating to or arising out of this Agreement or any ancillary agreement and waive any defense you may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts: (a) all courts included within the state court system of the state in which our principal office is located; and (b) all courts of the United States of America sitting within the state in which our principal office is located;
- ii. All lawsuits filed by you against us (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement or any ancillary agreement shall be required to be filed in one of these courts. Lawsuits filed by us against you may be filed in any of these courts or in any court in which jurisdiction and venue are proper; and
- iii. In all lawsuits related to or arising out of this Agreement, you consent and agree that you may be served with process outside the state in which our principal office is located in the same manner of service that may be made within that state by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. You hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

D. No Class Action

We and you agree that the arbitration of any disputes between us and you or any other proceeding shall be conducted on an individual basis and not a class-wide, multiple plaintiff or similar basis and that such disputes shall not be consolidated with the arbitration of any other disputes which might arise between us and any other System franchise owners.

E. Choice of Law

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1050 et seq.), as amended, or the United States Arbitration Act (9 U.S.C. § 1 et seq.), this Agreement, and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of the State of Ohio. If, however, any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced herein

F. Waiver

You agree that the sole recourse for claims arising between the parties shall be against us or our successors and assigns. You agree that our shareholders, members, managers, directors, officers,

employees and agents and those of our affiliates shall not be personally liable nor named as a party in any action or arbitration between you and us. The parties further agree that, in connection with any such proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. Any arbitration award will have a binding effect only on the actual dispute arbitrated and will not have any collateral effect on any other dispute whatsoever, whether in litigation, arbitration, mediation, or other dispute resolution proceeding.

YOU EXPRESSLY ACKNOWLEDGE THAT YOU HAVE READ THE TERMS OF THIS BINDING ARBITRATION PROVISION AND SPECIFICALLY AFFIRM THAT THIS PROVISION IS ENTERED INTO WILLINGLY AND VOLUNTARILY AND WITHOUT ANY FRAUD, DURESS, OR UNDUE INFLUENCE ON THE PART OF US OR ANY OF OUR AGENTS OR EMPLOYEES.

XX. MISCELLANEOUS PROVISIONS

A. Modification

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

B. Entire Agreement

This Agreement and all appendices and other documents attached to this Agreement are incorporated in this Agreement and will constitute the entire agreement between the parties. This Agreement supersedes and replaces all previous written and oral agreements, understandings, promises, representations or other communications between the parties. However, nothing in this Section or otherwise in this Agreement is intended to disclaim or waive your reliance on any statements made in the Franchise Disclosure Document.

C. Remedies and Attorneys' Fees

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

D. Interpretation

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

as drafter.

E. Discretion and Approval

Any reference in this Agreement to actions that we may take shall mean that we may take or not take such actions in our sole discretion, and any actions that we do take (whether this Agreement states we may, will, or shall) may be taken in a manner that we deem fit in our sole discretion. If our approval is required by any provision of this Agreement, the Operations Manual, or otherwise, unless stated otherwise, our approval must be in writing and approval granted to one party does not extend beyond that party unless specified in such approval or elsewhere by us in writing.

F. Delegation by Us

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

G. Effective Date

This Agreement shall not be effective until accepted by us as evidenced by signing by an authorized officer of Franchisor. Such date shall be referred to herein as the Effective Date. If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which an authorized officer of the Franchisor has signed, whichever is later.

H. Franchisor's Consent

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

I. No Waiver

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

J. Payment of Taxes

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

K. Invalidity

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

L. Limitation of Actions

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

M. Punitive Damages

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

N. Construction of Language

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

O. Successors

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

P. Additional Documentation

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

reasonably necessary to effectuate the transactions contemplated in this document.

Q. Force Majeure

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

R. Notices

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All notices permitted or required to be delivered pursuant to this Agreement shall be deemed so delivered:

1. when delivered by hand;
2. three (3) days after placed in the United States mail by registered or certified mail, return receipt requested, postage prepaid, or one (1) business day after placed in the hands of an overnight courier, for next day delivery, and in either case addressed to the party to be notified at its most current principal business address of which the notifying party has been notified (which, in the case of Franchisee, includes the address of the Franchised Business); or
3. one (1) business day after being sent via email to the party to be notified as follows: if to Franchisor, to ____@____.com and if to Franchisee, the Franchisor-provided email address for the Franchised Business.

S. Survival of Provisions

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

T. Cumulative Rights

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

U. State Law

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

V. Personal Guaranties; Spousal Guaranties

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

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

W. Counterparts.

This Agreement may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

XXI. REPRESENTATIONS AND ACKNOWLEDGEMENTS

A. No Authority

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

B. Receipt

YOU ACKNOWLEDGE RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO YOUR EXECUTION OF THIS AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION TO US OR OUR AFFILIATES. YOU FURTHER ACKNOWLEDGE THAT YOU RECEIVED A

COMPLETED COPY OF THIS AGREEMENT AND ALL RELATED AGREEMENTS ATTACHED TO THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT AND ALL RELATED AGREEMENTS WERE EXECUTED BY YOU.

C. Execution of Agreement

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

D. Independent Investigation and Opportunity for Review by Advisors

YOU ACKNOWLEDGE THAT YOU HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT AND RECOGNIZE THAT IT INVOLVES BUSINESS RISKS WHICH MAKE THE SUCCESS OF THE VENTURE LARGELY DEPENDENT UPON YOUR BUSINESS ABILITIES AND EFFORTS. YOU ACKNOWLEDGE THAT YOU HAVE BEEN GIVEN THE OPPORTUNITY TO CLARIFY ANY PROVISION OF THIS AGREEMENT THAT YOU MAY NOT HAVE INITIALLY UNDERSTOOD. YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED THAT YOU OBTAIN, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT, AND OTHER BUSINESS ADVISORS PRIOR TO EXECUTION HEREOF.

E. No personal Liability of Franchisor

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

[SIGNATURES ON FOLLOWING PAGE]

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

“FRANCHISEE” or “YOU”

“FRANCHISOR” or “WE”

Mold Medics Franchising LLC

By: _____, individually

By:

Date:

Its:

Date: _____

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

Name of Entity: _____

By:

Its:

Date: _____

EXHIBIT 1 to FRANCHISE AGREEMENT

PERSONAL GUARANTY

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

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

Waiver of Rights and Defenses. Each Guarantor waives: (a) any right Guarantor may have to require that any action be taken or an action be brought against Franchisee or any

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

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

If to Franchisor: legal@thresholdbrands.com

OR

Mold Medics Franchising
LLC Attn: Legal
Department.

17700 Saint Clair Avenue
Cleveland, Ohio 44110

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

OR

[Guarantor Address]

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

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

GUARANTORS:

Sign: _____
By:

Sign: _____
By:

Sign: _____
By:

EXHIBIT 2 to FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP

Franchisee: _____

Trade Name (if different from above): _____

Owners and Form of Ownership

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

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

Owner 1:

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

Owner 2:

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

Owner 3:

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

Owner 4:

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

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

_____ **Individual:**

_____ **Partnership:**

State of formation: _____

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

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

Limited Liability Company:

State of formation: _____

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

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

Corporation:

State of formation: _____

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

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

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

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

FRANCHISEE:

By:

Date:

EXHIBIT 3 to FRANCHISE AGREEMENT

SPOUSAL CONSENT

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

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

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

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

EXHIBIT 4 TO FRANCHISE AGREEMENT

COMPLIANCE CERTIFICATION ADDENDUM

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

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

Washington franchisees should not sign the Compliance Certification Addendum.

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

Acknowledgements and Representations

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

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

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

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

5. Except as may be stated in Item 19 of the Mold Medics Franchising LLC Franchise Disclosure Document, did any employee or other person speaking on behalf of Mold Medics Franchising LLC make any oral, written, or visual claim, statement, promise, or representation to you that stated, suggested, predicted, or projected sales, revenues, expenses, earnings, income, or profit levels at any Mold Medics business, or the likelihood of success at your Franchise Business? Check one: Yes No. If yes, please state in detail the oral, written or visual claim or representation: _____

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

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

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

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

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

Signed: _____

Signed: _____

Print Name: _____

Print Name: _____

Date: _____

Date: _____

EXHIBIT 5 to FRANCHISE AGREEMENT

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the “Amendment”) is made and entered into as of _____, by and between MOLD MEDICS FRANCHISING, LLC, a Pennsylvania limited liability company, with its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (hereinafter “Franchisor”), and _____, a _____ with its _____ at _____ (hereinafter “Franchisee”).

1. [FOR NEW FRANCHISEES]: The Initial Franchise Fee shall be refunded to Franchisee, within ten (10) days of the opening of the Franchise so long as Franchisee has opened the Franchise within the time set forth in the Franchise Agreement, and Franchisee is not otherwise in default of the Franchise Agreement or any other agreement between Franchisee and Franchisor or its affiliates. However, the foregoing does not apply to Franchisee if Franchisee is a resident of or domiciled in, or intending to operate the Franchise wholly or partly in, any of the states of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina.

[FOR CERTAIN NEW FRANCHISEES]: Franchisor waives the Initial Franchise Fee stated in Section IV(A) of the Franchise Agreement.

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

Strike seven percent (7%) and replace with eleven percent (11%).
3. If the Franchise Agreement is renewed in accordance with Section II thereof, Franchisee and Franchisor agree that any royalties payable on Gross Sales, as amended by Section 3 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply the foregoing Gross Sales royalty rates.
4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.
5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

[SIGNATURES ON FOLLOWING PAGE]

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

MOLD MEDICS FRANCHISING, LLC

By: _____

Its: _____

FRANCHISEE

By: _____

EXHIBIT 6 to FRANCHISE AGREEMENT

PROMISSORY NOTE

\$ _____

Dated: _____

FOR VALUE RECEIVED, the undersigned, [FRANCHISEE ENTITY] a [STATE] corporation/limited liability company with a principal place of business at [ADDRESS] (collectively referred to as “Maker”) promises to pay to the order of **MOLD MEDICS FRANCHISING, LLC**, a Pennsylvania limited liability company, (herein with its successors and/or assigns, “Payee”) having its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, or at such other place as the Payee or other holder hereof may direct in writing, the aggregate principal sum of [AMOUNT] (\$XX,XXX) together with interest payable as follows:

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

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

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

4. **“Event of Default”.** An “Event of Default” shall be deemed to have occurred in the event that: (a) any amount due hereunder is not paid after becoming due and payable; or (b) any

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

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

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

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

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

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

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

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

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

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

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

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

16. **Release.** In consideration of the credit given to the Maker as evidenced by this Note, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned, for himself and his agents, employees, representatives, associates, heirs, successors and assigns (collectively the “Franchisee Entities”), does hereby fully and finally release and forever discharge the Payee), and its officers, shareholders, directors, agents, employees, representatives, associates, successors and assigns (collectively, the “Franchising Entities”) of and from any and all actions and causes of action, suits claims, demands, damages, judgments, accounts, agreements, covenants, debts, levys and executions, including without limitation attorneys’ fees, whatsoever, whether known or unknown, liquidated or unliquidated, fixed, contingent, direct or indirect, whether at law or in equity, which the Franchisee Entities, or any one or more of them, have had, now have or may in the future, have against the Franchising Entities, or any one or more of them, arising out of, in connection with or relating in any way to that certain franchise agreement between the undersigned and, dated _____, 20_(the “Franchise Agreement”), or any other agreement between the undersigned and Payee, including but not limited to, any actions for fraud or misrepresentation, violation of any franchise laws, violation of any state or federal antitrust or securities laws, or violation of any common law, from the beginning time to the date of this Note; provided, however, specifically excluded from the release provisions of this Note shall be

all obligations of Payee, under the Franchise Agreement first accruing on and after the date hereof.

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

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

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

MAKER:

[INSERT NAME OF FRANCHISEE ENTITY]

By: _____

[NAME]

Its: [TITLE]

PAYEE:

MOLD MEDICS FRANCHISING, LLC

By: _____

[NAME]

Its: [TITLE]

EXHIBIT 7 to FRANCHISE AGREEMENT

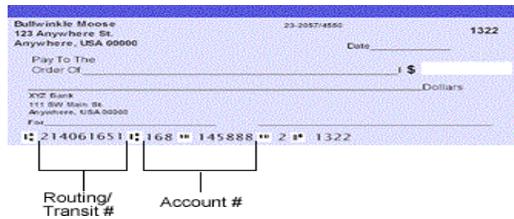
ELECTRONIC FUNDS TRANSFER (EFT)
AUTHORIZATION AGREEMENT

The undersigned (“Franchisee”), hereby authorizes **Mold Medics Franchising, LLC**, a Pennsylvania limited liability company, with principal offices at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (“**Mold Medics**”), to initiate electronic transfer of funds/direct debits for payment of any and all amounts which Franchisee may owe to **Mold Medics** or its affiliates under any franchise agreement, note, security agreement, or other document or agreement between Franchisee and **Mold Medics** or its affiliates (the “Obligations”). All transfer of funds/direct debits shall be made to and out of the bank account (the “Account”) identified below at the Financial Institution identified below.

Franchisee acknowledges that the origination of Automated Clearing House (ACH) transactions to the Account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by the Financial Institution of any electronic funds transfer/direct debit, shall be Franchisee’s sole responsibility. This authorization is irrevocable and shall remain in effect for 30 days following the termination or expiration of the underlying Franchise Agreement between Franchisee and **Mold Medics**.

Franchisee acknowledges that the Obligations will be debited by **Mold Medics** as they become due, or the closest business day thereafter. Franchisee agrees to keep sufficient funds in the account listed below to pay all Obligations. If Franchisee does not have enough money in the Account to cover the transfer/direct debit, or if the Financial Institution for any other reason refuses to honor a transfer/direct debit, Franchisee will separately pay for the Obligations upon demand.

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



ENTITY: _____
 Signature: _____ Date: _____
 (duly authorized, or in their individual capacity)

Signature: _____ Date: _____
 (in their individual capacity)

Day Phone: _____ Evening Phone: _____

EXHIBIT 8 to FRANCHISE AGREEMENT

RENEWAL AMENDMENT

THIS _____ AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into as of _____, by and between MOLD MEDICS FRANCHISING LLC, a Pennsylvania limited liability company located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (hereinafter, "Franchisor"), and _____, [an individual] or [a _____ corporation/limited liability company] with [a primary residence] or [its principal place of business] at _____ (hereinafter "Franchisee").

Franchisor and Franchisee entered into a Franchise Agreement dated _____ for the operations of a Mold Medics Franchise around the area of _____ ("Old Franchise Agreement") and now wish to renew.

Franchisor and Franchisee have entered into a renewal Franchise Agreement dated _____ ("Franchise Agreement") and now agree to amend that Franchise Agreement as follows:

1. **Section II A.** of the Franchise Agreement is deleted and replaced with the following:

"This Agreement shall begin on the Effective Date and continue for a period of ____ years (the "Term"), unless terminated earlier in accordance with the terms of this Agreement."

2. Franchisor hereby acknowledges that Franchisee has completed the selection of the office location as set forth in **Section III** of the Franchise Agreement.

3. Franchisor waives the initial training program requirement in **Section V** of the Franchise Agreement.

4. The Initial Franchise Fee referenced in **Section IV** of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

5. Franchisee acknowledges that the Franchise Business is fully operational as of the Effective Date of the Franchise Agreement. Franchisee further acknowledges that Franchisee is responsible for all payments due upon commencement of operations (including minimum royalties) as of the Effective Date of the Franchise Agreement.

6. The Parties intend to amend the Franchise Agreement only as stated in this Amendment. All remaining provisions of the Franchise Agreement are unaltered hereby and are in full force and effect. Capitalized terms not defined herein shall have the meaning ascribed to them in the Franchise Agreement.

7. **Release.** In consideration for Franchisor's consent to renewal of the franchise, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had

against the Released Parties, whether under the old Franchise Agreement, the Franchise Agreement or this Addendum, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the date hereof, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this the Franchise Agreement or this Addendum.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. This Amendment may be signed in counterparts, including in the form of a digital or e-signature, and such counterparts, when taken together, shall represent a full and complete signed document.

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

**FRANCHISOR:
MOLD MEDICS FRANCHISING LLC**

By:
Name:
Title:

**FRANCHISEE:
[INSERT NAME OF FRANCHISEE]**

By:
Name:
Title:

EXHIBIT 9 to FRANCHISE AGREEMENT

NOVATION AGREEMENT

THIS NOVATION AGREEMENT (the “Novation”) is made and entered into this _____ day of _____ by and between: (i) Mold Medics Franchising, LLC (“Mold Medics”), a Pennsylvania limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, Ohio 44110, [NAME], an individual with a primary address at _____, (“Franchisee”), an individual with a primary address at [ADDRESS], and ENTITY, a _____ limited liability company with its principal office at _____ (“ENTITY”)

RECITALS

A. Franchisee is a Mold Medics® franchisee under a franchise agreement with Mold Medics dated [DATE] (the “Franchise Agreement”); and

B. Franchisee desires to transfer all of its right, title and interest under the Franchise Agreement and ownership of the franchise to [ENTITY]; and

C. Franchisee will enter into Mold Medic’s then-current Guaranty Agreement as a condition to Mold Medic’s consent to the foregoing transfer; and

D. The parties agree that as and from the date of this Novation (the “Effective Date”), the Franchise Agreement shall be novated from Franchisee to Entity, so that from the Effective Date ENTITY shall be bound by the terms of the Franchise Agreement in place of Franchisee and ENTITY agrees to acknowledge and expressly assume in the name, place and stead of NAME all liabilities and obligations of Franchisee under the Franchise Agreement; and

NOW, THEREFORE, in consideration of the mutual covenants contained in this Novation and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

AGREEMENT

1. As of the Effective Date, ENTITY agrees and undertakes to perform the obligations of Franchisee under the Franchise Agreement, whether arising prior to, on or subsequent to the Effective Date, and agrees to be bound by the terms and conditions of the Franchise Agreement in every way as if ENTITY were named as a party to the Franchise Agreement in place of Franchisee. ENTITY agrees to perform any and all past, present and future obligations of Franchisee under the Franchise Agreement and all other agreements executed in connection therewith.

2. As of the Effective Date, Franchisee releases Mold Medics from the various covenants, undertakings, warranties and other obligations contained in the Franchise Agreement and from all claims and demands whatsoever in respect of the Franchise Agreement whether arising prior to, on or subsequent to the Effective Date.

3. Mold Medics consents to the novation of ENTITY for Franchisee described in Section 1.

4. REPRESENTATIONS AND WARRANTIES OF ENTITY AND FRANCHISEE TO MOLD MEDICS

(i) ENTITY is a [limited liability company/corporation/partnership] duly constituted and validly existing and is in good standing under the laws of its incorporating jurisdiction and is duly qualified to conduct the business in each jurisdiction where the nature and extent of their business and property require the same.

(ii) ENTITY and Franchisee possess all requisite authority and power to execute, deliver and comply with the terms of this Novation. This Novation has been duly authorized by all necessary action, has been duly executed and delivered by ENTITY and Franchisee and constitutes a valid and binding obligation of ENTITY and Franchisee enforceable in accordance with its terms.

(iii) Franchisee has the right to novate its rights and benefits under the Franchise Agreement to ENTITY, free and clear of any charge, lien, pledge, security interest or direct or indirect participation interest in favor of any other person, and as of the Effective Date, the Franchise Agreement is free and clear of all charges, liens, pledges, security interests or direct or indirect participation interests in favor of any other person.

5. Personal Guaranty. Notwithstanding any terms herein that may be construed to the contrary, Franchisee shall enter into and be bound to the terms of Mold Medic's then-current Guaranty Agreement, and that among the obligations guaranteed thereunder are the obligations of ENTITY to perform under the Franchise Agreement, and Franchisee shall be personally bound by and personally liable for each and every obligation of ENTITY under the Franchise Agreement.

6. Successors and Assigns. ENTITY may not assign, transfer, convey or otherwise delegate any of its rights, title, interest or obligations under the Franchise Agreement without Mold Medics' prior written consent pursuant to the terms of the Franchise Agreement.

7. Governing Law, Venue and Dispute Resolution. This Novation shall be interpreted, construed and governed by and in accordance with the provisions of the Franchise Agreement.

8. Entire Agreement; Liability. This Novation shall constitute the entire integrated assignment between the parties with respect to the subject matter contained herein and shall not be subject to change, modification, amendment or addition without the express written consent of all the parties. The obligations of Franchisee and ENTITY hereunder are joint and several in each and every respect.

9. Right to Review and to Counsel. Each party declares that the terms of this Novation have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain, and confer with counsel.

10. Multiple Counterparts. This Novation may be executed in a number of identical counterparts, each of which, for all purposes, is to be deemed to be an original, and all of which constitute, collectively, one agreement, but in making proof of this Novation, it shall not be necessary to produce or account for more than one such counterpart.

[Remainder of page intentionally blank; signature page follows]

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

MOLD MEDICS FRANCHISING, LLC

By:
Its:

ENTITY

By: [NAME], [TITLE]

BY: NAME, TITLE

FRANCHISEE:

(in his individual capacity)

EXHIBIT 10 to FRANCHISE AGREEMENT

MULTI-TERRITORY DEVELOPMENT ADDENDUM

This Multi-Territory Development Addendum (this “Addendum”) is made and entered into as of the ___ day of _____, 20__ (the “Effective Date”) by and among MOLD MEDICS FRANCHISING, LLC, a Pennsylvania limited liability company, with its principal place of business at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (“Franchisor”), [ENTITY], a _____ limited liability company/corporation and [ENTITY OR INDIVIDUAL NAME] (“You,” “Your,” or the “Franchisee”). If “You” are a business entity, “You” includes Your owners. Natural persons having an ownership interest in You if You are a business entity, are called an “Owner” and collectively “Owners.”

INTRODUCTION

Franchisee and Franchisor have entered into one or more agreements, dated ____ (the “Franchise Agreement(s)”) under which Franchisee shall own and operate a Mold Medics® franchise in one or more contiguous territories, as further described in the Franchise Agreements. Franchisor has agreed that Franchisee shall be offered extended time to begin operating each territory and further that the timing of fee payments under the Franchise Agreement shall be similarly adjusted.

In consideration of the foregoing and the mutual covenants and consideration described below, You and Franchisor agree as follows:

1. Franchisee shall begin operating the Franchised Business in each territory purchased on the Effective Date according to the schedule set forth in the Rider to this Addendum.

2. Franchisee has signed, or will sign by the Effective Date, one Franchise Agreement applicable to the operation of the Franchised Business in each territory. Except as stated in this Addendum, the operation of the Franchised Business in each territory will be subject to the terms of the applicable Franchise Agreement.

3. Franchisee shall pay the Initial Franchise Fee for each territory, as stated the applicable Franchise Agreement, no later than the Effective Date. All such fees are non-refundable.

4. Franchisee shall not be obligated to complete the Initial Training Program prior to commencing operation of the Franchised Business in the second and additional territories identified on the Rider.

5. Franchisor and Franchisee shall mutually agree upon the time for the commencement of operations of the Franchised Business in the second and additional territories, provided that (i) Franchisee must commence operations in each Territory no later than the deadline stated on the Rider and (ii) if Franchisee begins servicing customers in the second and additional territories at any point, then the date of the first customer service provided in such Territory shall be deemed the commencement of operations.

6. If Franchisee does not commence operations in a Territory according to the deadline stated in the Rider, Franchisor shall have the right to immediately terminate the applicable Franchise Agreement and all of Franchisee’s rights to operate the Franchised Business in that Territory and in all other Territories in which Franchisee has not yet commenced operations. A termination under this Section 6 shall not be grounds to terminate the Franchise Agreements applicable to any Territories in which Franchisee has commenced operations.

7. If Franchisor elects to extend the time for Franchisee to begin operating in a Territory, Franchisee must pay Franchisor the monthly Minimum Royalty, beginning as of the original commencement date in the Rider. If Franchisee subsequently begins to operate in the Territory, Franchisee will pay Franchisor the Base Royalty, subject to the then-current monthly Minimum Royalty, as provided in your Franchise Agreement. If, for any reason, Franchisor elects to extend the time for Franchisee to commence operations in any Territory described on the Rider, then notwithstanding anything to the contrary in the Franchise Agreement, Franchisee shall be obligated to pay the monthly Minimum Royalty due on the Territory as of the original commencement deadline and continuing until the Franchisee commences operation in the Territory.

8. If, for any reason, the Franchise Agreement or Agreements for Territories in which Franchisee has commenced operations are terminated prior to Franchisee commencing operations in all Territories, then Franchisor shall have the right to immediately terminate the Franchise Agreements for any Territories in which Franchisee has not yet commenced operations.

9. Except as otherwise stated herein, this Addendum shall be made a part of each Franchise Agreement for each of the Territories described on the Rider, and any and all matters under this Addendum shall be governed by the terms of the applicable Franchise Agreement.

10. All dispute resolution under this Addendum shall be governed by the terms of the Franchise Agreements.

11. This Addendum may be executed in one or more counterparts, each of which when executed and delivered shall be an original, and all of which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.

[THIS AGREEMENT CONTINUES WITH A RIDER,
WHICH IS A PART OF THIS AGREEMENT]

MULTI-TERRITORY DEVELOPMENT AGREEMENT RIDER

Development Territories:

FRANCHISE AGREEMENT NO.	TERRITORY ID	ZIP CODES

Development Schedule. Franchisee must commence operations of the Franchised Business in each territory according to the following schedule:

Franchise Agreement No.	Date by Which Operations must Commence in the Territory
XXX-XXXX	
XXX-XXXX	

MOLD MEDICS FRANCHISING, LLC

By:
Its:

ENTITY

By: [NAME], [TITLE]

BY: NAME, TITLE

FRANCHISEE:

(in his individual capacity)

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

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

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

11. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

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

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

5. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” This may void certain provisions of the Franchise Agreement.

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

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

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

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

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

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

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

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

9. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Agreement, the terms of this Addendum will govern. All other terms and conditions of the Agreement will remain the same.

Franchisor:
MOLD MEDICS FRANCHISING LLC

Franchisee:

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

1. No provision of the Agreement will constitute a waiver of any right concerning governing law, jurisdiction, venue and choice of law conferred upon Franchisee by the North Dakota Franchise Investment Law. The North Dakota Franchise Investment Law will govern the Agreement with respect to North Dakota Franchisees.
2. In any mediation involving a franchise purchased in North Dakota, the mediation site shall be in the State of North Dakota.
3. The venue of litigation shall be in the State of North Dakota.
4. Pursuant to Section 51-19-06 of the North Dakota Franchise Investment Law, II.B of the Agreement will be amended to provide that any general release required to be executed by the Franchisee as a condition to renewal of the Agreement will not apply.
5. The provisions of Section XII of the Agreement shall not apply to the extent that such provision are in conflict with Section 9-08-06 of the North Dakota Century Code and Section 51-19-09 of the North Dakota Franchise Investment Law.
6. Section XX.L. is amended by deleting the requirement to bring a claim within 1 or 2 years. It is hereby agreed that the Statutes of Limitations for the state of North Dakota will apply to disputes under this Agreement.
7. Section XX.M of the Agreement is hereby deleted.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
9. To the extent this Addendum is deemed to be inconsistent with any terms or conditions of the Franchise Agreement or the exhibits and attachments thereto, the terms of this Addendum will govern. All other terms and conditions of the Agreement remain the same.

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

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

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term

of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

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

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

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

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

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

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement

of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

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

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

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

Franchisor:

Franchisee:

MOLD MEDICS FRANCHISING LLC

By: _____

By: _____

Name: _____

Name: _____

Its: _____

EXHIBIT C

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EXHIBIT D

**LIST OF FRANCHISEES AS OF
DECEMBER 31, 2024**

STATE	NAME	ADDRESS	PHONE	# OF TERRITORIES
OH	David Potts	1590 Albon Road, #12, Holland, OH 43528	419-474-5200	2
PA	Michael Chapman	322 Jefferson St. Rochester, PA 15074	412-266-4549	1
PA	Timothy Swackhammer	811 Washington Avenue, Carnegie, PA 15106	412-445-4689	3

**LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER OUR
FRANCHISE AGREEMENT IN THE FISCAL YEAR ENDED DECEMBER 31, 2024**

None

**LIST OF FRANCHISEES WHO SIGNED FRANCHISE AGREEMENTS BUT ARE
NOT OPEN AS OF THE FISCAL YEAR ENDED DECEMBER 31, 2024**

None

EXHIBIT E

FINANCIAL STATEMENTS AND GUARANTEE OF PERFORMANCE

AUDITED FINANCIAL STATEMENTS

HS Group Holding Company, LLC and Subsidiaries

Consolidated Financial Report
December 31, 2024

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Independent Auditor's Report

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

April 3, 2025

HS Group Holding Company, LLC and Subsidiaries

Consolidated Balance Sheet

December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Operations and Comprehensive Income

Year Ended December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Members' Equity

Year Ended December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended December 31, 2024

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Effect of Exchange Rate Changes on Cash

Net Decrease in Cash

Cash - Beginning of year

Cash - End of year

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

107,082

(2,532,208)

7,506,132

\$ 4,973,924

\$ 630,000

December 31, 2024

Note 1 - Nature of Business

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Significant Accounting Policies

Basis of Accounting

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

Principles of Consolidation

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

Accounts Receivable

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

Property and Equipment

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

Leases

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

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

Intangible Assets

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

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

Note 2 - Significant Accounting Policies (Continued)

Goodwill

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

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

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

Revenue Recognition

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Payment Terms

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

Allocating the Transaction Price

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

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

Costs to Obtain a Franchise Agreement

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

Advertising Expense

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

Income Taxes

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

Concentrations of Credit Risk

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

Debt Issuance Costs

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 2 - Significant Accounting Policies (Continued)

Foreign Currency Translation

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

Use of Estimates

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

Subsequent Events

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

Note 3 - Accounts Receivable Credit Loss Allowance

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

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

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

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

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

HS Group Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024

Note 5 - Intangible Assets and Goodwill

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

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

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

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

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

Note 6 - Long-term Debt

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

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

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

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

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 6 - Long-term Debt (Continued)

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

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

Note 7 - Leases

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

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 7 - Leases (Continued)

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

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

Note 8 - Related Party Transactions

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

Note 9 - Members' Equity

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

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

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

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

Note 10 - Discontinued Operations

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 10 - Discontinued Operations (Continued)

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

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

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

Consolidated Financial Report
December 31, 2023

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Independent Auditor's Report

RSM US LLP

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

RSM US LLP

Detroit, Michigan
April 24, 2024

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

Consolidated Balance Sheets
December 31, 2023 & 2022

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

See notes to consolidated financial statements.

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

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

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

See notes to consolidated financial statements.

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

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

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

See notes to consolidated financial statements.

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

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

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

(Continued)

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

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

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

See notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Significant accounting policies:

Nature of services

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Payment terms

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

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

Revenue recognition

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

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

Contract balances

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

Commission costs

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising funds

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses

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

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

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

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

Consideration:	
Cash	\$ 1,300,854
150 Class A Units of HS Group Holding Company, LLC	150,000
Total invested capital	<u>\$ 1,450,854</u>
Recognized amount of net assets of the Company:	
Other current assets	\$ 34,500
Intangible assets	927,000
Accrued expenses and other liabilities	<u>(69,593)</u>
Total identifiable net assets acquired	891,907
Goodwill	<u>558,947</u>
	<u>\$ 1,450,854</u>

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

Consideration:

Cash	\$ 1,684,344
810 Class A Units of HS Group Holding Company, LLC	1,800,000
Due to seller	21,223
Total invested capital	<u>\$ 3,505,567</u>

Recognized amount of net assets of the Company:

Cash	\$ 111,888
Receivables	113,800
Fixed assets	16,082
Tradename	290,000
Accounts payable and accruals	(83,162)
Other liability	(35,000)
Total identifiable net assets acquired	<u>413,608</u>
Goodwill	<u>3,091,959</u>
	<u>\$ 3,505,567</u>

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

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

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

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

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

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

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

Notes to Consolidated Financial Statements

Note 4. Intangible Assets and Goodwill (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 5. Long-Term Debt

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

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

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

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

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

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

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

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

Future maturities of long-term debt are as follows:

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

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

Notes to Consolidated Financial Statements

Note 6. Leases

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 7. Commitments and Contingencies

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

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

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2023	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	88,117
Class B Units	11,431	5,250

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

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

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

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

Notes to Consolidated Financial Statements

Note 8. Members' Equity (Continued)

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

Note 9. Discontinued Operations

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

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

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

Notes to Consolidated Financial Statements

Note 9. Discontinued Operations (Continued)

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

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

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

Notes to Consolidated Financial Statements

Note 9. Discontinued Operations (Continued)

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

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

UNAUDITED FINANCIAL STATEMENTS

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

HS Group Holding Company, LLC (Consolidated)

Balance Sheet As of March 31, 2025

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

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

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

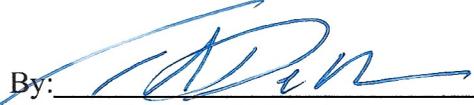
GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the "Guarantor"), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **MOLD MEDICS FRANCHISING LLC**, located at 17700 Saint Clair Avenue, Cleveland, OH 44110 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Frisco, Texas on the 21 day of April, 2025

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: 

Name: Theodore DeMarino

Its: Chief Executive Officer

EXHIBIT F

CONDITIONAL CONSENT TO TRANSFER AGREEMENT

THIS CONDITIONAL CONSENT TO TRANSFER AGREEMENT (the “Agreement”) is made and entered into on this ___ day of _____ (the “Effective Date”), by and between **Mold Medics Franchising LLC**, a Pennsylvania limited liability company located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110 (“Franchisor”), and _____ (“Franchisee”), and _____, both individuals OR CORPORATION OR LLC with a primary residence or principal place of business at _____ (“Transferee”) (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the “Existing Franchise Agreement”), was executed by and between Franchisee and Franchisor for the operation of a franchise location known as _____ (the “Franchise”); and

WHEREAS, each owner of Franchisee has entered into a Guaranty whereby they have personally guaranteed the performance of Franchisee’s obligations under the Franchise Agreement; and

WHEREAS, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee’s rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the “Transfer”), as set forth in that Agreement between Franchisee and Transferee with effect as of the Transfer Date (the “Purchase Agreement”); and

WHEREAS, Franchisor has been notified of Franchisee’s desire to sell the Franchise to Transferee and Franchisee has requested that Franchisor consent to the Transfer under Section ___ of said Existing Franchise Agreement, or exercise its right of first refusal; and

WHEREAS, as a condition to the Transfer, Transferee will execute Franchisor’s then-current Franchise Agreement for a Franchise (collectively, the “New Franchise Agreement”), and the Existing Franchise Agreement will be terminated in accordance herewith; and

WHEREAS, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. Condition Precedent. It is a necessary condition precedent to the performance of all obligations of all parties to this Agreement, specifically the grant of Franchisor’s consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date. If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all parties in writing, this Agreement is void and Franchisor’s consent is revoked.
2. Conditions of Transfer. As a condition of Franchisor’s consent, Transferee and Franchisee collectively

represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer either all of the stock, shares, interests or other form of equity in Franchisee (“Franchisee Equity”), or substantially all Franchisee’s assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, accounts receivable/payable, and customer data (the “Franchise Assets”) to Transferee. As of the Transfer Date, Transferee shall either have all right, title to and interest in the Franchise Assets, or control of the Franchisee Equity.

B. [Transferee / Franchisee] shall pay to the Franchisor the Transfer Fee of [AMOUNT] on the Transfer Date.

C. [OPTIONAL CLAUSE] No later than [DATE], the [Transferee / Franchisee] will make improvements to the Franchise Assets as directed by Franchisor to meet Franchisor’s prevailing design and branding criteria and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor’s right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor’s consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor’s FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee, not later than the Transfer Date, will execute Franchisor’s New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. If necessary for the continued operation of the Franchise, Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor. It is not the expectation of the Parties that Transferee will take possession of Franchisee’s personal residence, if such residence is used as the premises of the Franchise, but rather that Transferee shall be obligated to find a new premises for the continued operation of the Franchise no later than the Transfer Date.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations under the Existing Franchise Agreement, and all obligations of the Guarantors under their individual Guaranty, shall remain in full force and effect after the Transfer Date, until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets and has not represented to Transferee or any other person, natural or fictitious, that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Mold Medics franchises owned by the Franchisee) as a current or former Mold Medics franchise and will cease to use any Trademark Asset, including any Mold Medics trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Mold Medics franchise in any manner or purpose. "Trademark Assets" means all trade names, trademarks and trade dress of the Mold Medics system, including the name Mold Medics and any forms, slogans, signs, symbols, devices or other materials bearing the name "Mold Medics." This representation shall not apply to any franchise locations operated by Franchisee after the Transfer Date under the terms of other, active franchise agreements with Franchisor.

v. Franchisee will continue to operate the Franchise until the Transfer Date. Franchisee shall remain obligated to pay Franchisor any amounts due and owing under the Franchise Agreement that arise on or before the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise, that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or every will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Mold Medics system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Mold Medics system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal

statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

A. [IF FRANCHISE IS IN MARYLAND] The foregoing release shall not be construed to release any of Franchisees claims or rights to claims under the Maryland Franchise Registration and Disclosure Law, if such release is in contravention of the Maryland Franchise Registration and Disclosure Law.

B. [IF FRANCHISEE IS A CALIFORNIA CORP OR DOMICILED IN CALIFORNIA] The foregoing release is intended as a general release of all claims, demands, actions, causes of action, obligations, damages and liabilities of any kind or nature whatsoever that relate to the matters recited therein, and is intended to encompass all known and unknown, foreseen and unforeseen claims which the releasing party may have against any party being released. Section 1542 of the California Civil Code provides:

A General Release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the Release, which if known by him might have materially affected his settlement with the debtor.

Franchisee expressly waives the provisions of Section 1542 of the California Civil Code and expressly releases each parties to be released from all liability or claims arising out of any matters recited in the release.

C. The general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

5. Franchisor Consent and Representations. Under Section ____ of the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement, on or before 12:01 am of _____ (the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under Section _____ of the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise.

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement.

Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrants that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement will be declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Ohio without application of the principles of conflicts of law. Each of the Parties hereto irrevocably consents to the personal jurisdiction of the Federal and state courts of the State of Ohio, County of Cuyahoga for any matter arising out of or relating to this Agreement, except that in any action seeking to enforce any order or judgment of such courts such personal jurisdiction will be non-exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, including digital signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

FRANCHISOR:

Mold Medics Franchising, LLC

By:
Its:

FRANCHISEE:

_____ *[enter name of corporate entity]*

By:
Its:

TRANSFeree:

_____ *[enter name of corporate entity]*

By:
Its:

EXHIBIT G

STATE ADDENDA

ADDENDUM TO MOLD MEDICS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATES OF
CONNECTICUT, GEORGIA, LOUISIANA,
MAINE, NORTH CAROLINA AND SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the MOLD MEDICS FRANCHISING, LLC Franchise Disclosure Document, the following provision shall supersede and apply to all Mold Medics franchises offered and sold in the states of Connecticut, Georgia, Louisiana, Maine, North Carolina and South Carolina:

If you are a new franchisee seeking to participate in the Franchise Option Program disclosed in Item 5 the refund of the Initial Franchise Fee will not apply to you if you reside in or are domiciled in, or your Franchised Business is located wholly or partly in, any of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina. However, you may otherwise participate in the Franchise Option Program and receive the same benefits as an existing franchisee under the Program.

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

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of California:

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

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.
2. Item 3 of the Disclosure Document is supplemented by the following paragraph:

“Neither Mold Medics Franchising LLC, nor any person described in Item 2 of the Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.”
3. Item 17 of the Franchise Disclosure Document is amended by the insertion of the following:

“California Business and Professions Code sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.”
4. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
5. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
6. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
7. The Franchise Agreement requires binding arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

8. The Franchise Agreement requires application of the laws of the State of Ohio. This provision may not be enforceable under California law.
9. The highest interest rate allowed by law in California is 10% annually.
10. Item 19 of the Franchise Disclosure Document is amended by the insertion of the following:

“The earnings claims figure(s) does (do) not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your (franchised business). Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.”
11. Our website (www.moldmedics.com) has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.
12. You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).
13. The Franchise Agreement contains a waiver of punitive damages and jury trial provisions. These waivers may not be enforceable in California.
14. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee’s investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.
15. Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:
 - (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
 - (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
 - (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
 - (d) Violations of any provision of this division.

16. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the California Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Hawaii:

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

1. Mold Medics Franchising LLC Franchise Disclosure Document is currently registered (or exempt from franchise registration) in the following state: California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
2. Mold Medics Franchising LLC's Franchise Disclosure Document is or will be shortly on file in the following states: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
3. No state has refused, by order or otherwise, to register the Mold Medics Franchising LLC franchise.
4. No state has revoked or suspended the right to offer Mold Medics Franchising LLC franchises.
5. Mold Medics Franchising LLC has not withdrawn the proposed registration of the Mold Medics Franchise Disclosure Document in any state.
6. The state cover page of the Mold Medics Franchising LLC Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

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

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

Each provision of this Addendum to the shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Illinois:

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

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.”

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

Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

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

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Indiana:

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

Items 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal or transfer.

Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Indiana Franchise Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Maryland:

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

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

Items 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal or transfer.

Item 17(h) is amended by replacing the first clause of the summary with the following: "Bankruptcy (this provision may not be enforceable under federal bankruptcy law)."

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

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Minnesota:

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

1. Any release executed in connection with the Franchise Agreement shall not apply to any claims arising under Minnesota Statutes 1973 Supplement, Sections 80C.01 to 80C.22, providing that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes; provided, however, that this shall not bar the voluntary settlement of disputes.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4, and 5, which require (except in certain specified cases) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement; and that consent to the transfer of the franchise will not be unreasonably withheld.
3. No action may be commenced against us pursuant to Minn. Stat. §80C.17 more than three years after the cause of action accrues.
4. Minnesota Statute Sec. 80C.21 and Minnesota Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to a jury trial or any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes.
5. To the extent required by the Minnesota Franchise Act, we agree to protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and/or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provide the franchisee is using the names and marks in accordance with the Franchise Agreement.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF NEW YORK

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

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

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

“However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.”

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

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

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

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

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

8. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

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

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of North Dakota:

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

1. Item 5 is amended to provide that the Initial Franchise Fee shall not be due on the date you execute the franchise agreement; rather the Initial Franchise Fee shall be due on the opening of your Business.
2. Item 17 (c) is amended by deleting the requirement that Franchisee execute a general release upon renewal.
3. Item 17 (r) is amended by adding the following “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.
4. Item 17 (u) is amended by deleting the requirement that mediation be held in Ohio and replaced with the following “the place of mediation shall be agreeable to all parties.”
5. Item 17 (v) is amended by deleting the requirement that Franchisee consent to jurisdiction of the courts of Ohio.
6. Item 17 (w) is amended by replacing the word “Ohio” with “North Dakota.”
7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently without reference to this Addendum.

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

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Rhode Island:

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

1. The following sentence is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

ADDENDUM TO
MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF SOUTH DAKOTA

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of South Dakota:

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

1. Item 17 of the Franchise Disclosure Document is modified by adding the following:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Franchise Disclosure Document and Franchise Agreement and Area Development Agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. Item 17 of the Franchise Disclosure Document is modified by adding the following:

“Covenants not to compete are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”

3. The Summary column of Item 17 paragraph (u) of the Franchise Disclosure Document is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

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

“Except for matters coming under the South Dakota Law, litigation and arbitration must be in Ohio.”

5. The Summary column of Item 17 paragraph (w) of the Franchise Disclosure Document is amended to read as follows:

“The law of South Dakota governs.”

6. Each provision of this Addendum shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the South Dakota Franchise Investment Law are met independently without reference to this Addendum.

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

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Virginia:

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

1. The following language is added to the end of the “Summary” section of Item 17(e), entitled “Termination by us without cause”:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchise Act or the laws of Virginia, that provision may not be enforceable.”

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

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently, without reference to this Addendum.

WASHINGTON ADDENDUM TO MOLD MEDICS FRANCHISING LLC
FRANCHISE DISCLOSURE DOCUMENT

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any

such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

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

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

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

20. **Item 17.** Item 17(r) (Summary) is amended to add the following clause to the end of the sentence: “(subject to state law).”

STATE SPECIFIC ADDENDUM
AS REQUIRED BY
THE WISCONSIN FAIR DEALERSHIP LAW

Notwithstanding anything to the contrary set forth in the Mold Medics Franchising LLC Franchise Disclosure Document, the following provisions shall supersede and apply to all Mold Medics franchises offered and sold in the state of Wisconsin:

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

The Wisconsin Fair Dealership Law applies to most franchise agreements in the state and prohibits termination, cancellation, non-renewal or substantial change in competitive circumstances of a dealership agreement without good cause. The law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the dealer. The dealer has 60 days to cure the deficiency and if the deficiency is so cured the notice is void. The Disclosure Document and Franchise Agreement are hereby modified to state that the Wisconsin Fair Dealership Law, to the extent applicable, supersedes any provisions of the Franchise Agreement that are inconsistent with the Wisconsin Fair Dealership Law, Wis. Stat. Ch. 135.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Fair Dealership Law are met independently, without reference to this Addendum.

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Mold Medics Franchising LLC offers you a franchise, it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to Mold Medics Franchising LLC, or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Mold Medics Franchising LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this disclosure document.

The franchisor is Mold Medics Franchising LLC, located at 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Its telephone number is (888) 623-1395.

The Franchise Seller for this offering is Kelli Schroeder, 77 North Washington Street, Boston, MA, 02114, telephone (617) 997-4729.

Issuance Date: April 29, 2025

I received a disclosure document with an issuance date of April 29, 2025. This disclosure document included the following Exhibits:

- A. List of State Agencies/Agents for Service of Process
- B. Franchise Agreement and Exhibits:
 - 1. Personal Guaranty
 - 2. Statement of Ownership
 - 3. Spousal Consent
 - 4. Compliance Certification Addendum
 - 5. Franchise Option Amendment
 - 6. Promissory Note
 - 7. EFT Authorization
 - 8. Renewal Amendment
 - 9. Novation Agreement
 - 10. Multi-Territory Development Agreement
- C. Operations Manual Table of Contents
- D. List of Franchisees and Franchisees Who Have Left the System
- E. Financial Statements/Guarantee
- F. Conditional Consent to Transfer Agreement
- G. State Addenda

FRANCHISEE

By:
Its:

Date

Please sign this copy of the receipt, date your signature, and return it to Mold Medics Franchising LLC 17700 Saint Clair Avenue, Cleveland, Ohio 44110, Telephone (888) 623-1395.

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By:
Its:

Date

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