



Poolwerx Franchise Management LLC
A Delaware limited liability company
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You will establish and operate a vehicle only or vehicle and retail location offering pool maintenance services, pool cleaning, installation and remodel services and retail pool supplies and services under the POOLWERX® trademark.

The total investment necessary to begin operation of a vehicle only initial phase of the franchise is ~~\$94,400~~104,525 to ~~\$142,400~~142,525. This includes ~~\$87,275~~88,525 to ~~\$99,025~~109,525 that must be paid to the franchisor and/or its affiliates as initial franchise fees, initial training fees, convention fees, signage, opening inventory, grand opening advertising, opening equipment and uniforms. The total investment necessary to begin operation of a retail location phase of the franchise (generally required within 24 months of signing the franchise agreement) is \$153,000 to \$350,500. This includes ~~\$678,000~~ to ~~\$160,000~~135,000 that must be paid to the franchisor and/or its affiliates for opening inventory, opening equipment and furniture and fixtures.

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 the Vice President – Franchise Development at 4801 Spring Valley Road, Suite 103A, Farmers Branch, TX 75244 (Tel. (480) 854 2782) or at Franchising@poolwerx.com.

The terms of your contract will govern your franchise relationship. Don't rely on this 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: May 1, 2025

, as amended December 1, 2025

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Queensland 4064, Australia. None of them has ever offered franchises in any line of business in the United States.

We have no affiliates that offer franchises in other lines of business.

The Business and Franchises Offered

You will establish and operate a vehicle location offering pool maintenance services, pool cleaning, installation and remodel services and pool supplies under the POOLWERX® trademark (“**Mobile Unit**”). After purchasing a Mobile Unit, you are generally required to develop ~~you’re~~ a retail store (“**Retail Location**”) within 24 months of when you sign the Franchise Agreement. We refer to your Mobile Unit and any Retail Location as your “Franchised Business” in this disclosure document.

We are offering, under the terms of this disclosure document, the opportunity to become a franchisee to develop a Franchised Business in a specified area. A Franchise operates under the mark POOLWERX®, and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the “**Marks**”). We may designate other trade names, service marks, and trademarks as Marks.

A Franchised Business operates under a prescribed system of specifications and operating procedures that we have developed and will continue to develop (the “**System**”). The distinguishing characteristics of the System include, but are not limited to, our Franchise designs, layouts, and identification schemes (collectively, the “**Trade Dress**”); our specifications for equipment, inventory, and accessories; our relationships with vendors; our software and computer programs; the accumulated experience reflected in our training program, operating procedures, customer service standards methods, and marketing techniques; and the policies, procedures, standards, and specifications set out in our proprietary manuals (“**Manuals**”). We may change, improve, add to, and further develop the elements of the System from time to time.

You may purchase the right to market your Franchised Business within a designated territory (the “**Marketing Area**”). This right will be incorporated in an agreement to be executed by Poolwerx and you (the “**Franchise Agreement**”). Our current form of Franchise Agreement is included as **Exhibit A** to this disclosure document. Under the Franchise Agreement, you have no right to use the Marks to market your Franchised Business except within your Marketing Area. You may only use the System and the Marks in your Franchised Business and not in any wholesale, e-commerce or other channel of distribution.

Competition

The market for pool cleaning services, pool supply stores, maintenance, installation and remodel services and retail pool supplies and services is competitive. Your Franchise will compete with many other stores that offer pool cleaning services and pool supply stores and mobile unit services. Some of your competitors will be independently owned; others may be parts of company-owned chains; and others may be franchised.

Industry-Specific Regulations

You will have to comply with laws and regulations that are applicable to business generally (such as swimming pool and spa regulations, pool fencing, storage and use of chemicals, workers’ compensation, OSHA, and Americans with Disabilities Act requirements). Federal, state and local governmental laws, ordinances and regulations periodically change.

ITEM 2. BUSINESS EXPERIENCE

We have no directors or officers. The following persons are associated with our Parents or Affiliates:

Chief Executive Officer – ~~North America – Andrew Kidd~~(Global) – Nicholas Brill

~~Mr. Kidd has served as Chief Executive Officer – Poolwerx USA LLC since June 2022 in Dallas, Texas, and served as Chief Operating Officer for Poolwerx USA LLC from September 2019 to June 2022 in Dallas, Texas. From January 2018 to September 2019, Mr. Kidd was Chief Operating Officer of Poolwerx Corporation Pty Ltd, Poolwerx Holdings Pty Ltd, Poolwerx Property Management, Poolwerx NZ Pty Ltd, Poolwerx Operations Pty Ltd, Poolwerx Priority Pty Ltd and Poolwerx Management Pty Ltd. in Melbourne, Australia.~~

Mr. Brill has been Chief Executive Officer (Global) for Poolwerx Corporation Pty Ltd and its subsidiaries since October 2025 and is based in Milton, Australia. From July 2022 to October 2025, Mr. Brill was Chief Executive Officer – Australia and New Zealand for Poolwerx Corporation Pty Ltd and its subsidiaries based in Milton, Australia. From August 2019 to July 2022, Mr. Brill was Chief Operating Officer for Poolwerx Corporation Pty Ltd and its subsidiaries based in Milton, Australia.

Chief Financial Officer – Global - Grant Sutton

Mr. Sutton has been Global Chief Financial Officer for Poolwerx Corporation Pty Ltd and its subsidiaries since ~~January~~October 2025~~4~~ and is based in Milton, Australia. From June 2023 to ~~December~~September 2025~~4~~, Mr. Sutton was CFO - ANZ and Company Secretary for Poolwerx Corporation Pty Ltd and its subsidiaries in Milton, Australia. From 2019 to May 2023, Mr Sutton worked for Retail Food Group in Australia.

Chief Operating Officer – USA – Blake Overduin

Mr. Overduin has served as our Chief Operating Officer USA since November 2025 in Dallas, Texas. Mr. Overduin served as our Vice President of Franchise Operations in Dallas, Texas since from May 2018 to November 2025. Prior to that, he was our Franchise Operations Manager in Dallas, Texas from January 2018 to April 2018. Prior to that he was our Company Operations Manager in Dallas, Texas from January 2017 to January 2018.

Sr. Vice President of Franchise Development – Darlene Viering

Ms. Viering has served as our Sr. Vice President of Franchise Development since November, 2025 in Dallas, Texas. From June, 2025 to November, 2025, Ms. Viering was Franchise Development Director at Assisted Living Locators Franchise System (Evide Brands) in Scottsdale, AZ. From April, 2024 to present, Ms. Viering is COO and franchise and call center consultant of Viering Ahead Consulting, LLC in Hewitt, New Jersey. From June, 2020 to April, 2024, Ms. Viering was Chief Sales Officer for Junk King Franchise System in San Francisco, CA (Neighborly). Ms. Viering performs her current role from Hewitt, New Jersey.

Vice President of Franchise Development – USA – Jeffrey Powell

Mr. Powell has served as our Vice President Franchise Development since April 2023 in Dallas, Texas. Prior to that he served as Sr. Director of Franchise Recruitment at Full Speed Automotive of Colorado between May 2020 and April 2023 in Colorado. Prior to this he served as Vice President of Franchise Recruitment with Premium Service Brands of Virginia between January 2019 and May 2020 in Charlottesville, Virginia. Prior to this he served as Chief Development Officer with Inexpress of Utah between March 2018 and January 2019.

~~Vice President of Franchise Operations—USA—Blake Overduin~~

~~Mr. Overduin has been our Vice President of Franchise Operations in Dallas, Texas since May 2018. Prior to that, he was our Franchise Operations Manager in Dallas, Texas from January 2018 to April 2018. Prior to that he was our Company Operations Manager in Dallas, Texas from January 2017 to January 2018.~~

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

The initial franchise fee (the “**Initial Franchise Fee**”) for your Franchise is \$49,500 which is due at signing of the Franchise Agreement. During our fiscal year ending December 31, 2024, we charged Initial Franchise Fees ranging from \$0 to \$49,500.

Qualified veterans, active-duty military and active Reserves, National Guard and Coast Guard members and qualified first responders: the Initial Franchise Fee for the initial Marketing Area will be discounted by 10%. This promotion cannot be combined with any other promotion or incentive discount.

You must pay us an initial training fee (“**Initial Training Fee**”) of \$2,000 for the necessary certification. These fees and costs are payable prior to execution of the Franchise Agreement or in any event before you begin operating your Mobile Unit. This fee covers the cost for one person to attend the initial training. All travel, accommodation and ancillary charges are payable by you. The Initial Training Fee is a uniform cost for all franchisees and non-refundable.

You must pay to us the convention fee, which is currently \$3,525, before you sign the Franchise Agreement.

You must pay us for signage, which is between \$1,500 and \$2,500 for a vehicle before you sign the Franchise Agreement.

You must pay us or approved suppliers for opening inventory, which is between ~~\$15,000 and 13,000 and \$15,000 before you open your mobile franchise and an additional \$25,000 to \$50,000 dependent on whether mobile or retail entry level~~ when you open your retail franchise.

You must pay us for Grand Opening Advertising, which is a minimum sum of \$12,000 and \$ 30,000 on grand opening advertising and promotions beginning the two weeks prior to starting, dependent on whether mobile or retail entry level.

You must pay us for initial set of opening equipment used in business operations, which is ~~between \$3,000 and \$5,000~~ \$6,500 before you open your mobile franchise and an additional \$3,000 to \$5,000 when you open your retail franchise.

You must pay us for an initial set of uniforms for use in the operation of your Franchised Business, which is \$500.

There is no payment to us for furniture and fixtures when you open your mobile franchise, but when you are ready to open your Retail Location, you must pay us for furniture and fixtures to be placed into your Retail Location, which is between \$40,000 and \$80,000.

You will be required to execute a variation to your Franchise Agreement and incur the fees outlined in this Item 5 for each Marketing Area you purchase.

We sometimes act as the purchasing agent on a “pass through” cost basis for certain initial equipment, computer systems, signage, supplies and other items. You will not be charged any amounts above the invoice price we pay for such items. We receive no income whatsoever acting as a purchasing agent for items purchased on a “pass through” cost basis.

None of the fees or costs in this Item are refundable.

Type of Fee	Amount	Due Date	Remarks
	calculated from the due date until paid.		
Insufficient Funds Fee	\$60	Upon demand	Fee is chargeable if payment is rejected by a bank.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees)	Upon demand	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchised Business.

Notes:

1. As a new franchisee, you will always pay the stated Franchise Fee and Marketing Fee based on your Gross Revenue during your first year of operations.

- a. **“Gross Revenue”** means the aggregate of prices charged or chargeable by the Franchised Business and all other income and remuneration received or receivable by the Franchised Business in the conduct of the Franchised Business and includes the proceeds of your business interruption insurance policy, direct supplier rebates and any promotional fees, commissions paid from referral sourced sales leads arrangements or other income received, but excludes: (a) the gross amount of sales taxes included in the prices charged or chargeable and any sales credits such as the sale price of any product returned by clients where cash or allowances have been refunded or made to the client; and (b) rebates negotiated by us and paid directly to the Franchised Business by Approved Suppliers. If any gross receipts tax or other tax (but excluding any tax based upon our income) is imposed or assessed on the Franchise Fees, Marketing Fees or Technology Fees that you are obligated to pay to us, the amount of the Franchise Fees, Marketing Fees or Technology Fees will be increased so that the amount received by us, after payment of such tax, will equal the stated amount that would have been paid to us absent such imposed or assessed tax.

“CPI Increase” means an increase equivalent to the percentage increase (if any) in the CPI in effect as of December 31 of the immediately preceding calendar year.

- b. You will be required to execute a new Franchise Agreement and incur the fees outlined in this Item 6 for each Market Area you purchase.

**ITEM 7. ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT**

Mobile Unit Only Franchise

Type of Expenditure	Low Estimate	High Estimate	Payment Method	When Paid	Payment To
Initial Franchise Fee See Note 1	\$49,500	\$49,500	Lump Sum	See Note 1	Us
Vehicle Branding See Note 2	\$1,500	\$2,500	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Office Equipment	\$0	\$3,000	As	As incurred	Us, or affiliates

Type of Expenditure	Low Estimate	High Estimate	Payment Method	When Paid	Payment To
and Supplies See Note 3			incurred		and Third-Party Suppliers
Computer Hardware & Software See Note 4	\$2,000	\$4,000	Lump sum	As incurred	Suppliers
Business Licenses & Permits See Note 5	\$500	\$2,000	As incurred	As incurred	Local Jurisdictions
Professional Fees See Note 6	\$1,000	\$5,000	As incurred	As incurred	Attorneys Accountants, Business Advisors
Opening Inventory See Note 7	\$13,000	\$15,000	Lump sum	At signing of Franchise Agreement	Us, or affiliates and Third-Party Suppliers
Business Insurance See Note 8	\$3,000	\$4,000	As incurred	As incurred	Insurance companies
Initial Training Fee	\$2,000	\$2,000	Lump sum	At signing of Franchise Agreement	Us
Cost and Living Expenses while Training. See Note 9	\$0	\$3,000	As incurred	As incurred	Airlines, Hotels, and Restaurants
Grand Opening Advertising See Note 10	\$12,000	\$15,000	Lump sum	At signing of Franchise Agreement	Us
Convention Fee	\$3,525	\$3,525	Lump sum	At signing of Franchise Agreement	Us
Equipment used in Business Operations See Note 11	\$6,500	\$6,500	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Uniforms	\$375 500	\$375 500	Lump sum	At signing of Franchise Agreement	Us, or affiliates and Third-Party Suppliers
Vehicle Cost See Note 12	\$5,000	\$7,000	As incurred	As incurred	Suppliers
Additional Funds See Note 13	\$5,000	\$20,000	As incurred	As incurred	Suppliers
Total	\$94,400 104,525	\$142,400 147,525			

Notes:

*Unless otherwise permitted by your particular third party vendor, all payments described in the above chart are non-refundable once paid.

Marketing Fees that you must pay us for the Marketing Fund described in Item 11 or any Regional Marketing Fee, as described in Item 6.

11. This cost comprises the operational equipment used in the business and must be obtained from approved suppliers only, at the commencement of the franchise.

12. This is the lease cost of one new white vehicle. The cost for one new vehicle will vary depending on whether you elect to buy, lease or hire the vehicle. The minimum cost is an estimate of the lease charge for a 3 month period.

13. This is an estimate of the amount of additional operating capital that you may need before opening and during the first three months after opening your business. This estimate includes additional funds you may need to pay employee salaries and wages, utilities, items as payroll taxes (including payroll to cover the pre-opening training period for your staff), legal and accounting fees, additional advertising, health and workers' compensation insurance, bank charges, miscellaneous supplies and equipment, staff recruiting expenses, state tax and license fees, deposits, prepaid expenses, and other miscellaneous items. This estimate is based on what is reported to us by existing franchisees.

YOUR ESTIMATED INITIAL INVESTMENT

Retail Location Only Franchise*

Type of Expenditure	Low Estimate	High Estimate	Payment Method	When Paid	Payment To
Initial Franchise Fee See Note 1	\$0	\$0	Lump Sum	See Note 1	Us
Leasehold Improvements See Note 2	\$25,000	\$80,000	As incurred	As incurred	Contractors
Lease and Utility Security Deposits See Note 3	\$0	\$8,000	As incurred	As incurred	Lessor and Utility Companies
Signage See Note 4	\$10,000	\$20,000	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Furniture and Fixtures See Note 5	\$40,000	\$80,000	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Office Equipment and Supplies See Note 6	\$0	\$5,000	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Hardware & Software See Note 7	\$2,000	\$7,000	Lump sum	As incurred	Us
Business Licenses & Permits See Note 8	\$500	\$2,000	As incurred	As incurred	Local Jurisdictions
Professional Fees See Note 9	\$4,000	\$7,000	As incurred	As incurred	Attorneys Accountants, Business Advisors
Opening Inventory	\$25,000	\$50,000	Lump sum	As incurred	Us, or affiliates

Type of Expenditure	Low Estimate	High Estimate	Payment Method	When Paid	Payment To
See Note 10					and Third-Party Suppliers
Business Insurance See Note 11	\$3,000	\$6,000	As incurred	As incurred	Insurance companies
Grand Opening Advertising See Note 12	\$15,000	\$30,000	Lump sum	As incurred	Suppliers
Equipment used in Business Operations See Note 13	\$3,000	\$5,000	As incurred	As incurred	Us, or affiliates and Third-Party Suppliers
Uniforms	\$500	\$500	Lump sum	As incurred	Us
Additional Funds See Note 14	\$25,000	\$50,000	As incurred	As incurred	Suppliers
Total	\$153,000	\$350,500			

Notes:

*As noted in Item 1, you will establish and operate a Mobile Unit. After purchasing a Mobile Unit, you are generally required to develop your Retail Location within 24 months of when you sign the Franchise Agreement, but the timing may vary. Accordingly, the timing for the Retail Location costs may vary.

**Unless otherwise permitted by your particular third party vendor, all payments described in the above chart are non-refundable once paid.

1. The Initial Franchise Fee is for the marketing rights for the grant of one Marketing Area and is payable upon execution of the Franchise Agreement when you develop your Mobile Unit. You will not pay any Initial Franchise Fee when you proceed to open a Retail location.

2. This estimate is for the cost of locating a site for a Retail Location and designing and constructing a Retail Location ranging in size from 1,000 to 2,000 square feet. We suggest you find a space for your Retail Location needing minimal leasehold improvements or fixtures. In most cases, you will need to alter the interior of your Retail Location before you open for operation according to our specifications. Real estate improvement costs will vary depending on factors such as property location, the condition of the property and the extent of alterations required for the property. You may be able to negotiate with your landlord to obtain a tenant improvement allowance whereby your landlord will give you a sum of money upon or following execution of your lease for you to use for Leasehold Improvements, and the amount of any allowance will typically be added into your rent payments and amortized over the initial term of your lease.

3. This estimate includes prepaid rent and deposits payable to the landlord but does not include annual rent. Your annual rent will be dependent upon factors such as the size and type of location, geographic area, and market conditions. This estimate also includes any deposits on utilities required to open the Retail Location.

4. Signage includes outdoor identification on the Retail Location, displays, and signage throughout the Retail Location.

5. This estimate includes the cost of furniture and fixtures used in the Retail Location.

6. This estimate includes the cost of purchasing computers, printer and miscellaneous office supplies. This is part of your set-up costs.

coverage upon reasonable notice. Insurers must agree not to cancel or not renew coverage without giving Poolwerx at least 30 days written notice.

Computer System

You are required to purchase the computer system that we specify, including computer hardware, software, point of purchase systems, inventory control systems, and high-speed network connections (collectively, the “**Computer System**”). The component parts of the Computer System must be purchased from approved suppliers, if applicable. If we require you to use any proprietary software or to purchase any software from a designated vendor, you must execute any software license agreements that we or the licensor of the software require and any related software maintenance agreements. The Computer System is described in more detail in Item 11.

You will pay us a continuing Technology Fee that we set annually at our sole discretion. See Item 6. The Technology Fee is designed to cover some, but not all, then current aggregated system-wide technology and innovation fees and costs for you and other franchisees, but you may be required to pay certain other types of technology-related fees and costs to us, our affiliates or our third party vendors separate from the Technology Fee. Our existing franchisees may pay different amounts as a technology fee based on their franchise agreement. In certain instances, we may use a combination of Marketing Fees and Technology Fees on technology-related advertising and marketing advancements. The Technology Fee may be increased or decreased by us in our sole discretion on an annual, calendar year basis to account for the pro rata aggregated system-wide technology and innovation costs anticipated by us for the upcoming calendar year. There is a minimum amount that each Franchisee must contribute towards the Technology Fee each year. This is reviewed annually by us.

In addition, through our collection of the Technology Fee, we may invest in new software that will enhance our operations (e.g., Point-of-Sale, Field Service Mgmt., Order Management, eCommerce, etc.) that will progressively roll out over the next 5 years.

Professional Services

We may require you to engage an approved accountant to provide financial services for your Franchise. We also may require you to engage an attorney to review your lease or purchase agreement for the site of the Retail Location that we have accepted and to supply us with reasonable documentation in connection with such review, including a lease abstract and confirmation that the terms in the agreement reflect the terms in any letter of intent between you and the third-party seller or lessor.

Revenue from Purchases

We have entered into supplier agreements with several suppliers pursuant to which we or our affiliates will receive rebates on sales made to franchisees ranging from 0% to 8% of the supplier’s customary retail prices. In some instances, the rebate may be based upon the costs of items purchased, with such rebates ranging from \$30 to \$100 of the supplier’s customary retail prices for such products. In some cases, the rebates will be paid into the Marketing Fund, not to Poolwerx or its affiliates.

During fiscal year 2024, we collected and retained rebates and allowances totaling \$583,870 from vendors based on franchisee purchases ~~which is 16%~~ and also collected \$164,500 when acting as the purchasing agent, which together is 20.9% of our total revenue of \$3,576,808 (but note that we do not count as revenue monies taken in when we act as the purchasing agent on a “pass through” cost basis). This information was obtained from our 2024 fiscal year audited financial statements.

Except as provided above, we and our affiliates currently do not derive any other revenue or other material consideration from any of your required purchases or leases of equipment, products, and supplies but, as noted in Item 5, we do sometimes act as the purchasing agent on a “pass through” cost basis for certain initial equipment, computer systems, signage, supplies and other items. We and our affiliates reserve the right to receive additional rebates in the future from current or new suppliers and/or

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

We present a single table in this Item 19.

The information in this Table is derived from Gross Revenues reports supplied by our franchisees through our required software program.

“Gross Revenues” means all revenues and income from whatever source derived or received by the franchisees from, through, by or on account of the operation of such franchises, whether received in cash, in services, in kind, on credit (whether or not payment is received), bartering, or otherwise less (to the extent included) (i) all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if separately stated when the customer is charged and are paid to the appropriate governmental authority; and (ii) any documented refunds, chargebacks, credits and allowances given in good faith to customers (such deductions will not include any credit card user fees, delivery aggregator commissions or charges, returned checks or reserves for bad credit or doubtful accounts).

Gross Revenues Growth from Calendar Year 2023 to Calendar Year 2024 For Franchisees and Their Franchised Businesses Conducting Both Mobile Unit and Retail Location Operations

This Table presents the Gross Revenues growth from calendar year 2023 to calendar year 2024 for all 16 franchisees that conducted both Mobile Unit and Retail Location operations in 2023 and 2024. These 16 franchisees operate their Franchised Businesses in a total of 38 Marketing Areas in Florida, Georgia, Oklahoma, South Carolina, Texas and Utah, and joined the Poolwerx system between 2018 and 2023. Certain of the franchisees denoted below with an * operated independently branded pool businesses prior to joining Poolwerx. We have anonymized the names of the 16 franchisees for privacy purposes.

This Table excludes all franchisees and their Franchised Businesses that (1) are Mobile Unit only Franchised Businesses during these periods (a total of 8 Franchised Businesses at the end of calendar year 2023 and a total of 17 Franchised Businesses at the end of calendar year 2024); (2) either relocated their Retail Location or changed ownership (a total of 1 Franchised Businesses at the end of calendar year 2023 and a total of 1 Franchised Business at the end of calendar year 2024); or (3) their particular business structure included Hot tub retail revenue which is not a standard offering for the franchise (a total of 3 Franchised Businesses at the end of calendar year 2023 and a total of 3 Franchised Businesses at the end of calendar year 2024).

Quartile	Rank	STATE	2024	2023	LY % Percentage Change of Gross Revenues from 2023 to 2024	Entry	# of Marketing Area
Top 25%	1	TX	\$3,166,892	\$3,242,052	97.68%	2018*	4
Top 25%	2	TX	\$2,527,865	\$2,422,968	104.33%	2018*	4

Top 25%	3	SC	\$1,928,971	\$1,956,306	98.60%	2019*	1
Top 25%	4	OK	\$1,827,624	\$1,826,312	100.07%	2017*	4
2nd Quartile	5	TX	\$1,741,587	\$1,948,543	89.38%	2018*	2
2nd Quartile	6	TX	\$1,507,244	\$1,734,833	86.88%	2019*	2
2nd Quartile	7	SC	\$1,157,562	\$1,122,175	103.15%	2022*	3
2nd Quartile	8	UT	\$1,004,154	\$489,214	205.26%	2023	5
3rd Quartile	9	GA	\$918,214	\$209,162	439.00%	2023	1
3rd Quartile	10	FL	\$916,149	\$566,228	161.80%	2019	2
3rd Quartile	11	TX	\$794,379	\$795,894	99.81%	2018	1
3rd Quartile	12	TX	\$786,015	\$312,230	251.74%	2022	5
Bottom 25%	13	TX	\$761,789	\$763,587	99.76%	2021	1
Bottom 25%	14	TX	\$318,877	\$236,745	134.69%	2022	1
Bottom 25%	15	TX	\$316,149	\$149,549	211.40%	2022	1
Bottom 25%	16	TX	\$234,075	\$119,062	196.60%	2023	1
TOTAL			\$19,907,546	\$17,894,860	111%		38

*These franchisees operated independently branded pool businesses before joining Poolwerx.

Quartile	Number of Franchisees in Group	Aggregate Gross Revenue for Franchisees in Group	Average Gross Revenue Per Franchisee	Median Franchisee Gross Revenue in Group	Highest Franchisee Gross Revenue in Group	Lowest Franchisee Gross Revenue in Group	Total number of Franchisees Exceeding Group Average	Percentage of Franchisees Exceeding Group Average
Top 25%	4	\$9,451,352	\$2,362,838	\$2,228,418	\$3,166,892	\$1,827,624	2	50%
2nd Quartile	4	\$5,410,547	\$1,352,637	\$1,332,403	\$1,741,587	\$1,004,154	2	50%
3rd Quartile	4	\$3,414,757	\$853,689	\$855,264	\$918,214	\$786,015	2	50%
Bottom 25%	4	\$1,630,890	\$407,723	\$317,513	\$761,789	\$234,075	1	25%
Total System	16	\$19,907,546	\$1,244,222	\$961,184	\$3,166,892	\$234,075	6	38%

*The information presented has not been audited

General Notes

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

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Poolwerx Franchise Management, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting [Andrew Kidd](#) [Blake Overduin](#), Chief [Executive](#) [Operating](#) Officer - USA, located at 4801 Spring Valley Road, Suite 103A, Farmers Branch TX 75244, telephone no. (972)

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Franchise Agreement

Date	This Agreement is dated on the date specified in Item 1 of Schedule 1
Parties	Poolwerx Franchise Management LLC, a Delaware, U.S.A. limited liability company <p style="text-align: right;">(Poolwerx)</p> The person or persons specified in Item 2 of Schedule 1 <p style="text-align: right;">(Franchisee)</p> The person or persons specified in Item 3 of Schedule 1 <p style="text-align: right;">(Guarantor)</p>

Background

- A. Poolwerx and its affiliated entities have developed a system for the provision of Poolwerx Services and sale of Poolwerx Products to commercial and domestic pool, spa and water feature owners which is delivered through both Retail Locations and mobile service units using the Intellectual Property.
- B. Poolwerx has the rights to use, and to grant others the rights to use, the Intellectual Property for the purpose of operating a Franchised Business.
- C. The Franchisee and the Guarantor have requested that Poolwerx grant to the Franchisee the right to establish and operate a Franchised Business on the terms and conditions set out in this Agreement.
- D. In consideration of Poolwerx complying with such request, the Guarantor has agreed to give a guarantee and indemnity to Poolwerx for the performance of the Franchisee’s obligations under this Agreement.
- E. Poolwerx has agreed to grant the Franchisee a Franchise for the Term, and on the terms and conditions set out in this Agreement.

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or such other time period specified by Poolwerx in writing from time to time.

Build out

means the carrying out of all works to, and the installation of all Approved Equipment at, the Premises in accordance with the Operations Manual and otherwise as required by clause ~~20.10~~20.09.

Business Day

means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made.

Business Hours

means the hours specified in the Operations Manual, or as otherwise specified in writing by Poolwerx from time to time.

Business Plan

means a business plan developed by the Franchisee in accordance with clause 6.12.

Client

means a customer or client of the Franchised Business, or of the Poolwerx Network, and includes Commercial Clients where the context requires.

Client Data Base

means the Client data base collected by Poolwerx including the Clients' details and records collected in accordance with clause 23.

Client Information

means details, including lists, of Clients collected by the Franchisee.

Client Loyalty Program

means any programs established and operated by Poolwerx which are designed to promote the Image across the Network.

Client Service History Card

means the form as prescribed by Poolwerx on which Client details are to be recorded by the Franchisee.

Commencement Date

means the date specified in Item 5 of Schedule 1.

Commercial Clients

means clients that (i) own operate or manage; or (ii) provide insurance coverage in respect of pools or spas or water features as part of their commercial business, and include real estate management companies, insurance companies, institutions, and clients engaged in the hospitality business.

7. where a party has the right to exercise a discretion, such discretion may be exercised in that party's sole and absolute discretion, notwithstanding that the party exercising such discretion may consult with the other party prior to the exercise of such discretion; and
8. if an act must be done on a specified day which is not a Business Day, it must be done instead on the next Business Day.

2. Grant of Franchise and Purpose of this Agreement

2.1 Grant

1. Poolwerx grants to the Franchisee, and the Franchisee accepts, the right to operate a Franchised Business and a license to use the Intellectual Property:
 - (i) at the Premises; and
 - (ii) for the Term,on the terms and conditions set out in this Agreement.
2. The Franchisee agrees to operate the Franchise for the entire Term, unless it ends sooner in accordance with this Agreement.

2.2 Grant of Franchise

Subject to clause 2.3, the Franchisee acknowledges and accepts that the Franchise granted pursuant to this Agreement is not an exclusive franchise and Poolwerx may grant other Franchised Business without restriction in the United States.

2.3 Franchisee's Exclusive Marketing Area

1. Subject to clauses 2.3(2), 2.3(~~e~~3) and 18, the Franchisee will:
 - (i) have the exclusive right to market in the Marketing Area, which includes the right to conduct any form of authorized marketing or promotion to Clients in the Marketing Area; and
 - (ii) not undertake any form of marketing to solicit business outside of the Marketing Area without the prior written consent of Poolwerx.
2. Poolwerx agrees not to establish, or grant any other person the right to establish, a Franchised Business at a fixed location within the Marketing Area except:
 - (i) where the Franchised Business is an existing business acquired by Poolwerx and converted to a Franchised Business, in which case Poolwerx will be entitled to do so without restriction;

13. if the Manager wishes to take leave from the Business for a period of longer than 5 Business Days, provide at least 14 days' notice to Poolwerx prior to the commencement of such leave;
14. where the Manager takes leave, ensure that:
 - (i) an employee approved in accordance with clause 6.6(b) is directly supervising the business; or
 - (ii) if required by Poolwerx, it appoints another Franchised Business or individual acceptable to Poolwerx to undertake its obligations during the leave period,

notwithstanding the absence of the Manager during the leave period, the Franchisee will remain liable to Poolwerx for compliance with this Agreement and any breach by the appointed individual or appointed Franchised Business will be considered a breach by the Franchisee;
15. minimize the taking of leave during the months of March to October during which Client demand is usually higher, unless such leave is required for urgent personal reasons;
16. if the Franchisee damages any property or equipment owned or controlled by a Client, pay Poolwerx or the Client for the repair or replacement of such property or equipment immediately upon request. The parties agree that no action, or inaction, on the part of Poolwerx in the context of this clause 6.2([p16](#)), nor the inclusion of it in this Agreement, will constitute or be construed as an admission or undertaking of liability by Poolwerx for any damage caused by the Franchisee to any property or equipment owned or controlled by a Client;
17. maintain the Insurance Policies; and
18. comply with all directions of Poolwerx in relation to the matters listed in this clause 6.2.

6.3 Franchisee's Employees

Where the Franchisee, has, or is required to have employees, the Franchisee must:

1. employ a sufficient number of suitably qualified employees with relevant, current and valid Accreditations to properly and efficiently carry on the Franchised Business;
2. at its own expense:
 - (i) train those employees in the operation of the Franchised Business to a standard approved by Poolwerx; and
 - (ii) ensure that each of those employees attends and completes, to a standard approved by Poolwerx, any training provided or required by Poolwerx;

- (A) turn and keep on all computers that form part of the Franchised Business;
 - (B) establish an internet connection;
 - (C) open and use the Software;
 - (D) open and respond to all electronic mail, messages or other communications received from Poolwerx or its Affiliates;
 - (E) access any Intranet sites and check for messages, notifications or other communications from Poolwerx or its Affiliates; and
 - (F) act or respond promptly to such messages, notifications and communications as per Poolwerx designated communications protocol as set out in the Operations Manual.
2. The Franchisee agrees that all communications numbers, telephone numbers (including land line and mobile telephone) and email addresses used by it in connection with the Communications Systems are, at all times, the property of Poolwerx.
 3. The Franchisee agrees that, whenever required by Poolwerx, it will immediately execute a transfer to Poolwerx (or its nominee) of any communications number, telephone number or email address in respect of the Franchised Business that is held or controlled by the Franchisee.
 4. The Franchisee agrees that if it is required by Poolwerx to participate in a centralized facility to receive, process and allocate Client inquiries, it will enter into any necessary agreements to facilitate the operation of such facility.
 5. For the purposes of quality control, training and coaching, and to the extent permitted by applicable Law, the Franchisee consents to Poolwerx (and any third parties designated by Poolwerx) recording telephone calls between:
 - (i) the Franchisee, the Manager, or the Franchisee's employees or subcontractors; and
 - (ii) Clients.
 6. The Franchisee will ensure that the Manager and its employees and subcontractors consent to Poolwerx (and any third parties designated by Poolwerx) recording telephone calls for the purposes of clause 6.8(e5).

6.9 Computer Systems and Other Technology

1. The Franchisee must, at its Cost:
 - (i) use install and use the technology, computer hardware and Software specified by Poolwerx;

If Poolwerx considers that the Franchisee has failed to achieve the Minimum Performance Criteria for reasons Poolwerx considers were within the Franchisee's control, Poolwerx may require the Franchisee, at its Cost, to immediately:

1. take corrective action;
2. ensure that the Franchisee, Manager, and each of the Franchisee's employees, undertake additional training; or
3. implement marketing, promotional or other activities.

7.4 Further Failure by Franchisee

If the Franchisee has failed to meet the Minimum Performance Criteria for reasons Poolwerx considers were within the Franchisee's control, and the Franchisee has not subsequently:

1. attended a meeting with Poolwerx in accordance with clause 7.2;
2. complied with clause 7.3 to the satisfaction of Poolwerx, at its discretion; or
3. met the Minimum Performance Criteria for any month during an Assessment Period after:
 - (i) attending a meeting with Poolwerx in accordance with clause 7.2; or
 - (ii) the Franchisee has complied with any requirements of Poolwerx in accordance with clause 7.3,

Poolwerx may, without limitation to its rights under clause 35, issue written notice to the Franchisee to sell the Franchised Business (**Sale Notice**).

7.5 Compulsory Sale of the Business

Upon receipt of a Sale Notice, the Franchisee must:

1. within 10 Business Days of such receipt, meet with Poolwerx to discuss the sale of the Franchised Business and the timeframe within which it is to be completed; and
2. subject to clause 33.4, take all necessary action to effect an expeditious sale of the Franchised Business to a third party that is not an Affiliate of the Franchisee.

7.6 Poolwerx to Undertake Sale of the Franchised Business

1. If:
 - (i) the Franchisee fails to meet with Poolwerx in accordance with clause 7.5(a1);
 - (ii) within 14 Business Days following receipt of a Sale Notice by the Franchisee, the parties have not reached agreement in accordance with clause 7.5(a1); or
 - (iii) the Franchisee fails to sell the Franchised Business within any time frame agreed to by the parties in accordance with clause 7.5(a1), the Franchisee and the Guarantors grant to Poolwerx, on its behalf, the unconditional and irrevocable right and power

to sell the Franchised Business to a third party that is not an Affiliate of the Franchisee.

2. If Poolwerx exercises its rights pursuant to clause 7.6(~~a~~1), Poolwerx will:
 - (i) issue the Franchisee with a compulsory sale notice (**Compulsory Sale Notice**); and
 - (ii) set a reasonable market price for the sale of the Franchised Business, as determined by Poolwerx, at its discretion, and where Poolwerx seeks the assistance of an independent appraiser in valuing the Franchised Business, the Costs of such appraiser will be recovered from the sale proceeds of the Franchised Business.
3. Upon receipt of the Compulsory Sale Notice, the Franchisee must provide all information (including profit and loss statements, balance sheets and Client Lists) as requested by Poolwerx within 3 Business Days of each request.
4. When a buyer, acceptable to Poolwerx, at its discretion, is identified:
 - (i) Poolwerx will notify the Franchisee; and
 - (ii) the Franchisee must enter into a binding agreement for the sale of the Franchised Business, in a form prescribed by Poolwerx within 10 Business Days of such notification.
5. If the Franchisee fails or refuses to enter into a binding agreement in accordance with clause 7.6(~~d~~4):
 - (i) such failure will be deemed an Default Event ~~of Default~~ for the purposes of clause 35.1; and
 - (ii) the Franchisee irrevocably and unconditionally appoints Poolwerx and each officer of Poolwerx, severally, as the Franchisee's attorney in fact to effect the sale of the Franchised Business.
6. The Franchisee confirms and acknowledges that in the event of a sale of the Franchised Business under this clause 7.6, Poolwerx may deduct from the sales proceeds:
 - (i) all sums owed to Poolwerx and any Approved PiPs or other suppliers;
 - (ii) all Costs and Legal Costs incurred by Poolwerx relating to the sale of the Franchised Business; and
 - (iii) the Transfer Fee.
7. Notwithstanding that the Franchised Business is for sale under this clause 7, the Franchisee must continue to operate the Franchised Business in accordance with the requirements of this Agreement, including as set out in clause 6.2.

8. Client Service

8.1 Best Efforts

The Franchisee acknowledges and agrees:

1. that a significant amount of time is required to:
 - (i) develop the Franchised Business; and
 - (ii) carry out all obligations of the Franchisee under this Agreement;
2. that a 7-day per week commitment may be required by the Franchisee to meet Client demands; and
3. to use its best efforts to deliver the Poolwerx Products and Poolwerx Services in the manner and at the time requested by:
 - (i) the Clients; or
 - (ii) Poolwerx, for the benefit of the Clients.

8.2 Satisfy Client Complaints

1. The Franchisee must, at the Franchisee's Cost, inform Poolwerx in writing of, and promptly act to redress, all Client complaints.
2. Poolwerx may attempt to redress a Client complaint if:
 - (i) the Client specifically requests that the complaint not be handled by the Franchisee; or
 - (ii) the Franchisee fails to redress the complaint within 24 hours after notice thereof.
3. If Poolwerx acts to redress a Client complaint pursuant to clause 8.2(b2), the Franchisee must pay the Additional Service Fee together with the Costs incurred by Poolwerx in attempting to redress the complaint.

8.3 Poolwerx May Contact Clients

The Franchisee acknowledges that Poolwerx may from time to time contact and have discussions with Clients or potential Clients in order to determine Client satisfaction.

8.4 Failure to Service a Client

1. If the Franchisee fails to:
 - (i) appear at the Client's premises on the dates and times required by Poolwerx or the Client; or
 - (ii) perform the tasks to the satisfaction of Poolwerx or the Client, then Poolwerx may, in addition to exercising any other rights it has at Law or under this Agreement, do any one or more of the following:
 - (iii) require the Franchisee to undertake remedial action;
 - (iv) send an employee or contractor of Poolwerx to perform the tasks that the Franchisee was requested to perform; or

- (v) send another Franchised Business to perform the tasks that the Franchisee was requested to perform.
2. Where Poolwerx makes arrangements in accordance with clauses 8.4(a)(iv) or (v), the Franchisee must pay to Poolwerx the Additional Service Fee together with the Costs incurred by Poolwerx in making the alternative arrangements.

8.5 Mystery Shopper

Poolwerx may, at its discretion, engage a Mystery Shopper, or any other process, to evaluate and report to Poolwerx on the operation of the Franchised Business and its experience in dealing with the Franchisee.

8.6 Not a penalty

Poolwerx and the Franchisee agree and acknowledge that any payments made by the Franchisee to Poolwerx under clauses 8.2(c) or 8.4(b2) are:

1. a reasonable estimate of the Costs that Poolwerx will incur; and
2. not a penalty.

9. Supply of Poolwerx Products and Poolwerx Services

9.1 Franchisee's Obligations

The Franchisee must:

1. offer for sale and supply in the Franchised Business the complete range of Poolwerx Products and Poolwerx Services;
2. not offer or supply any services other than the Poolwerx Services; and
3. not offer, sell, supply or use any products that are not Poolwerx Products.

9.2 Maintaining Quantity of Poolwerx Products and Providing Poolwerx Services

The Franchisee must maintain:

1. a sufficient quantity of Poolwerx Products; and
2. a sufficient number of employees holding relevant Accreditations, to:
 - (i) meet Client demand for Poolwerx Products and Poolwerx Services;
 - (ii) perform the Poolwerx Services promptly; and
 - (iii) comply with all requirements in the Operations Manual.

9.3 End User Sales Only

1. The Franchisee must not sell any Poolwerx Products or Approved Products to a person in circumstances where the Franchisee knows, or should reasonably be aware, that the person, either directly or indirectly, intends to resell or resupply the Poolwerx Products or Approved Products.

2. The right of the Franchisee to sell or supply Poolwerx Products or Approved Products is limited to end user sales only and not for wholesale or resupply.

9.4 Withdrawal of Poolwerx Products and Poolwerx Services

1. Poolwerx may at any time by written notice require the Franchisee to withdraw from sale in the Franchised Business any Poolwerx Service or Poolwerx Product or any other service or product (**Withdrawal Notice**), which, in the opinion of Poolwerx:
 - (i) does not conform with the standards, quality controls and specifications;
 - (ii) does not conform with the range of services or products to be supplied or used in a Franchised Business; or
 - (iii) is, or may be, a health or safety risk.
2. The Franchisee must immediately comply with any Withdrawal Notice.

9.5 System and Standards

1. The Franchisee must perform all Poolwerx Services and supply all Poolwerx Products in accordance with the Standards and the System.
2. If Poolwerx determines, at its discretion, that the Franchisee has not complied with clause 9.5(a1), Poolwerx may:
 - (i) require the Franchisee to either re-perform or complete the Poolwerx Service, or resupply the Poolwerx Products;
 - (ii) instruct another Franchised Business to perform or complete the Poolwerx Service or re-supply the Poolwerx Product; or
 - (iii) perform or complete the Poolwerx Service or resupply the Poolwerx Products.
3. The Franchisee is liable for all Costs associated with any decision of Poolwerx under clause 9.5(b2).

9.6 Prices of Poolwerx Services and Poolwerx Products

Poolwerx may:

1. recommend the prices of Poolwerx Services and Poolwerx Products; and
2. set the minimum or maximum price at which a Poolwerx Service or Poolwerx Product may be supplied or sold.

9.7 Rebates and Financial Incentives

The Franchisee acknowledges and agrees that Poolwerx may:

1. receive, and retain for its own benefit, rebates or other financial incentives from the manufacturers and suppliers of Approved Products, Poolwerx Products or Approved Services; and
2. at its discretion, pay any rebates or financial incentives received from the manufacturers or suppliers into the Marketing Fund, use

for Educational Seminars or for any other similar or dissimilar activities.

10. Purchase of Approved Equipment, Approved Products and Approved Services

10.1 Purchase of Approved Equipment, Approved Products and Approved Services

1. Poolwerx will provide lists of:
 - (i) Approved Equipment, Approved Products and Approved Services; and
 - (ii) contact details of Approved PiPs, suppliers of Approved Products and suppliers of Approved Services.
2. Poolwerx may at any time by written notice to the Franchisee:
 - (i) add or remove any product or service from the lists of Approved Products and Approved Services; or
 - (ii) add or remove any supplier from the list of Approved PiPs.
3. Subject to clause 10.2, the Franchisee must only obtain the Approved Equipment, Approved Products and Approved Services from an Approved PiP.

10.2 Proposed Suppliers

1. Where the Franchisee wishes to deal with a supplier that is not an Approved PiP (**Proposed Supplier**), the Franchisee must immediately notify Poolwerx in writing.
2. In assessing the Proposed Supplier, Poolwerx may require that the Franchisee:
 - (i) give to Poolwerx written notice of:
 - (A) the nature and quantity of the products, equipment, vehicles or services to be offered by the Proposed Supplier;
 - (B) the name and address of the Proposed Supplier; and
 - (C) the price that will be charged by the Proposed Supplier, including any unit prices;
 - (ii) satisfy Poolwerx that the products, equipment, vehicles or services meet the quality standards set out in clause 10.3, and in addition, that any vehicles meet the requirements of clause 10.4(**b2**);
 - (iii) provide, as relevant:
 - (A) a sample of the product, equipment or vehicle that the Proposed Supplier is to provide; or
 - (B) evidence of examples of previous work produced by the Proposed Supplier; and
 - (iv) provide a written statement from the Proposed Supplier setting out:

- (A) the period that the price for the products, equipment, vehicles or services will be fixed;
 - (B) the terms and conditions of supply, including details of warranties provided;
 - (C) in relation to services, that the Proposed Supplier will be able to do the work in a timely and professional manner;
 - (D) in relation to products, equipment and vehicles, that the Proposed Supplier is able to maintain a continuity of supply; and
 - (E) an undertaking to provide cooperation, training, rebates, services and incentives required from suppliers to the Network.
3. If the Franchisee requests the approval of Poolwerx under clause 10.2(~~a~~1), Poolwerx must advise the Franchisee of its decision in writing.
 4. Poolwerx may, at its discretion, approve and consent to the purchase of any products, equipment, vehicles or services from a Proposed Supplier.
 5. Subject to clauses 9.4 and 10.1(~~b~~2)(i), any products, equipment, vehicles or services approved by Poolwerx in accordance with clause 10.2(~~e~~4) become Approved Equipment, Approved Products or Approved Services.
 6. Subject to clause 10.1(~~b~~2)(ii), any Proposed Supplier approved by Poolwerx in accordance with clause 10.2(~~e~~4) becomes an Approved PiP.

10.3 Quality Control

Any products, equipment, vehicles or services to be obtained by the Franchisee from a Proposed Supplier must:

1. be at least equal in quality to the product, equipment, vehicle or service it substitutes;
2. be suitable for the purpose for which it is intended;
3. be consistent with, and not prejudicial to, the Image or the Standards;
4. have equal or better product warranties for the benefit of the Client; and
5. not create a different look or feel to the result produced by the products, equipment, vehicles or services provided by existing Approved PiPs.

10.4 Vehicles

Without limiting clause 10.3, the Franchisee acknowledges and accepts that:

1. Vehicles are an important part of the Franchised Business and are relevant to areas such as Client perception, marketing, promotions and corporate image; and

2. any request relating to Vehicles, including brands, size, signage, features and accessories, must satisfy Poolwerx as to consistency in look and feel with other Vehicles in the Network.

10.5 Approved Distribution Channel

If Poolwerx appoints a distribution channel partner to warehouse or distribute Approved Products, the Franchisee must only use the approved distribution channel partner in the Franchised Business.

10.6 Acknowledgment by Franchisee

The Franchisee acknowledges that the provisions of this clause 10 are reasonable and are necessary to maintain strict quality control in respect of the supply of all products and services in the Network.

10.7 Payment for Approved Products and Approved Services

1. The Franchisee must pay for all products or services purchased in respect of the Franchised Business by the due date for payment and in the manner specified by Poolwerx or the supplier.
2. Where the Franchisee does not make payment in accordance with clause 10.7(a1), the Franchisee authorizes Poolwerx to:
 - (i) charge the credit card referred to in clause 6.1(b2)(ii) for some or all of any amount owing, or rely on any other payment authorisation given to Poolwerx to obtain such sum; and
 - (ii) remit such sum directly to the relevant supplier in satisfaction of the Franchisee's debt.

10.8 Details of Suppliers and Supply

If requested by Poolwerx, the Franchisee must provide Poolwerx with an accurate list of names, addresses and contact details of all suppliers to the Franchisee together with a list of items, qualities and specifications of items purchased from each.

10.9 Default by Franchisee

If the Franchisee is in default of its obligations under this Agreement or any Related Agreement, and that default entitles Poolwerx to terminate this Agreement, Poolwerx may:

1. refuse to supply;
 2. supply only on cash-on-delivery terms;
 3. direct a supplier or Approved PiP to refuse to supply; or
 4. direct a supplier or Approved PiP to supply only on cash-on-delivery terms,
- any products or services supplied to the Franchisee, and if this occurs, nothing in this Agreement entitles the Franchisee to obtain substitute products or services from another supplier.

The Franchisee must pay the Franchise Fee to Poolwerx, in arrears, on the 15th day of each month of the Term, or as otherwise specified in the Operations Manual or by Poolwerx in writing from time to time.

12.4 Technology Fee

The Franchisee must pay the Technology Fee to Poolwerx, in arrears (subject to the then current minimum and maximum annual amounts), on the 15th day of each month of the Term, or as otherwise specified in the Operations Manual or by Poolwerx in writing from time to time.

12.5 Marketing Fees

The Franchisee must:

1. pay the Marketing Fee to Poolwerx, in arrears, on the 15th day of each month of the Term, or as otherwise specified in the Operations Manual or by Poolwerx in writing from time to time;
2. expend the Local Area Marketing Obligation in accordance with clause 18.10(b2)(i); and
3. expend the Regional Area Marketing Obligation in accordance with clause 18.10(b2)(ii).

12.6 Convention Fee

1. The Franchisee must pay the Convention Fee to Poolwerx in 6 equal installments throughout the Financial Year, or as otherwise specified in the Operations Manual or by Poolwerx in writing from time to time.
2. If a Franchisee transfers, sells or assigns the Franchised Business to another person, the unspent portion of the Convention Fee thereto paid will be transferred to the buyer or assignee of the Franchised Business as a contribution towards their Convention Fee.
3. If:
 - (i) the Franchisee or Manager fails to attend the Convention in accordance with Clause 6.7(c); or
 - (ii) Poolwerx terminates this Agreement following a breach by the Franchisee of the terms of this Agreement, the Franchisee will be deemed to have waived any rights to reimbursement or return of the Convention Fee.

12.7 Fees for Additional Assistance

Where Poolwerx provides assistance to the Franchisee beyond those services and activities normally provided by Poolwerx to a Franchisee, as described in the Operations Manual, Poolwerx may charge the Franchisee the Additional Service Fee.

12.8 Method of Payment

1. The Franchisee must:
 - (i) pay all amounts payable to Poolwerx by the Franchisee under this Agreement or any Related Agreement:

- (A) in compliance with the Poolwerx Terms of Trade; and
 - (B) into a bank account designated by Poolwerx; and
 - (ii) prior to commencing operation of the Franchised Business, provide the authorization as specified in accordance with clause 6.1(~~b~~2)(ii).
2. Poolwerx may, by notice in writing to the Franchisee, specify a different method for payment of moneys from the method specified in clause 12.8(~~a~~1), and the Franchisee must begin using the new method for payment within 14 days after receipt of such notice.

12.9 Interest

1. If the Franchisee fails to pay any amount to Poolwerx in accordance with this Agreement, the Franchisee must pay interest on that amount at the then current Interest Rate, from the time the amount should have been paid, until it is paid in full.
2. Interest:
 - (i) accrues daily;
 - (ii) may be capitalized by Poolwerx; and
 - (iii) is payable immediately on demand.

12.10 Costs and expenses

The Franchisee must pay, or reimburse Poolwerx on demand for, all Costs and Legal Costs in connection with, or incidental to:

1. the negotiation, preparation and execution of any amendment, modification or variation of this Agreement and all Related Agreements;
2. any default by the Franchisee in observing or performing any of its obligations under this Agreement or any Related Agreement;
3. any termination of this Agreement or any Related Agreement; and
4. the contemplated, attempted or actual enforcement, or preservation or exercise of any right by Poolwerx under this Agreement or any Related Agreement, including the obtaining by Poolwerx of any advice or information as to its rights under this Agreement or any Related Agreement.

12.11 Franchisee Must Not Withhold Payment

1. The Franchisee must not, for any reason, withhold payment of any amount due to Poolwerx, even if:
 - (i) the Franchisee alleges that Poolwerx has not performed or is not performing an obligation imposed upon it under this Agreement or a Related Agreement; or
 - (ii) the Franchisee disputes the amount due.

2. Poolwerx may accept any part payment without prejudice to its right to recover the balance due or pursue any other remedy available to it at Law or under this Agreement.

12.12 Application of Payments

Poolwerx may, at its discretion, apply any payments made by the Franchisee against any past due indebtedness of the Franchisee.

12.13 Set Off

1. Poolwerx may set off any unpaid debts of the Franchisee to Poolwerx or its Affiliate, against any amounts it owes the Franchisee.
2. The Franchisee must not set off any amount that Poolwerx or any of its Affiliates owes or may owe, against any amounts it owes to Poolwerx.

12.14 Franchise Fee and Independent Contractor Arrangement

1. The Franchise Fee specified in this Agreement is determined by the parties on the basis that the relationship between Poolwerx and the Franchisee is that of independent contractor and not employer and employee.
2. If, notwithstanding clause 12.14(a1), it is determined that Poolwerx is required to:
 - (i) pay any Costs associated with the Franchisee, including:
 - (A) workers' compensation insurance premiums;
 - (B) any sick, annual, or long service leave entitlements, or other employee entitlements; or
 - (C) fringe benefits tax, superannuation or other statutory charges;
 - (ii) deduct and remit any income tax installment deductions;
 - (iii) remit payroll tax in respect of any statutory liability to make payroll tax payments in relation to its relationship with the Franchisee;
 - (iv) maintain registrations and certificates under the applicable workplace health and safety and workers' compensation Laws in respect of its relationship with the Franchisee; or
 - (v) pay any fine, penalty or other charge as a result of:
 - (A) any failure by Poolwerx to do any one or more of the things specified in clauses 12.14(b2)(i) to (iv); or
 - (B) any non-compliance by Poolwerx with its statutory obligations, as determined by a relevant authority, then:
 - (vi) the amount of the Franchise Fee is increased, both retrospectively and prospectively, by an amount equal to any

such liabilities incurred by Poolwerx plus all Costs incurred by Poolwerx in respect of such liabilities (**Additional Fee**); and

- (vii) the Additional Fee is payable by the Franchisee to Poolwerx immediately upon written demand.

12.15 Dishonored Checks, Direct Debit or EFT Payments

1. If any payment required to be made by the Franchisee under this Agreement is made by check, direct debit arrangement or electronic funds transfer, and such payment is dishonored, then the Franchisee must pay to Poolwerx on demand:
 - (i) the dishonor fee specified in the Operations Manual; and
 - (ii) any Costs incurred by Poolwerx, by way of reimbursement of the administrative Costs and outlays associated with handling the dishonored payment.
2. Poolwerx is entitled to charge the credit card specified in clause 6.1(**b2**)(ii) for any Costs payable by the Franchisee in connection with clause 12.15(**a1**), or rely on any other payment authorization given to Poolwerx to obtain such sum.

13. Invoicing, Debtors and Remitting Payments

13.1 Invoicing Commercial Clients

In respect of work performed by the Franchisee for Commercial Clients, Poolwerx may, at its election:

1. invoice Commercial Clients directly;
2. invoice Commercial Clients via an Affiliate of Poolwerx; or
3. require the Franchisee to invoice Commercial Clients in the name of Poolwerx or an Affiliate of Poolwerx.

13.2 Direct invoicing of Commercial Clients

1. Where Poolwerx, at its discretion, elects to invoice Commercial Clients directly, the Franchisee irrevocably appoints Poolwerx to:
 - (i) invoice such Commercial Clients in respect of all products sales from, and services performed by, the Franchisee in respect of such Commercial Client; and
 - (ii) at the Franchisee's Cost, collect all debts in relation to such invoices.
2. Where a Commercial Client has had product sales from, or services performed by:
 - (i) more than one Franchised Business; or
 - (ii) Poolwerx and one or more Franchised Business, Poolwerx may, at its discretion, provide the Commercial Client with a single

consolidated invoice for all amounts owing by such Commercial Client (**Consolidated Invoices**).

3. All Costs associated with collecting any debts in relation to Consolidated Invoices will be shared proportionately by Poolwerx and all Franchised Business based on the value (if any) of products supplied to, or services performed for, the relevant Commercial Client by Poolwerx and each Franchised Business.
4. If:
 - (i) a part payment is received in respect of a Consolidated Invoice; and
 - (ii) the Commercial Client has not indicated in writing which part of the Consolidated Invoice the part payment relates to, Poolwerx may, at its discretion, allocate such part payment to any part of the Consolidated Invoice as it sees fit.
5. Subject to clauses 13.2(e3) and (d4), Poolwerx will remit any amounts owing to the Franchisee in respect of monies collected by it under this clause 13.2 Commercial Clients in accordance with its then current payment protocols.
6. The Franchisee:
 - (i) will not; and
 - (ii) agrees and acknowledges that Poolwerx is under no obligation to, disclose any of the arrangements of this clause 13.2 to any Commercial Clients.

14. Operations Manual

14.1 Supply of Operations Manual

Poolwerx must make available to the Franchisee, in such format as Poolwerx considers appropriate, the Operations Manual containing the confidential and mandatory specifications and Standards prescribed from time to time by Poolwerx for the operation of a Franchised Business, and the maintenance of the System and Image.

14.2 Franchisee Must Comply with Operations Manual

1. The Franchisee must operate the Franchised Business strictly in accordance with the provisions of the Operations Manual, which must be treated as part of this Agreement.
2. If the Operations Manual is inconsistent with the terms of this Agreement, the terms of this Agreement prevail to the extent of the inconsistency.

14.3 Changes to Operations Manual

1. Poolwerx may add to, delete or otherwise modify the Systems and Standards, instructions and any other information set out in the

Operations Manual by giving written notice to the Franchisee of the change, or making such change available via the Intranet.

2. A change under clause 14.3(a1) takes effect and forms part of the Operations Manual ten (10) Business Days after the earlier of it being:
 - (i) sent to the Franchisee; or
 - (ii) made available on the Intranet.
3. The Franchisee must, at its Cost:
 - (i) adopt in the conduct of the Franchised Business all changes to the Operations Manual; and
 - (ii) be at all times compliant with the terms of the Operations Manual.

14.4 Franchisee Must Keep Operations Manual Secure

The Operations Manual is provided to the Franchisee by way of loan only, and the Franchisee must:

1. keep the Operations Manual in a safe and secure place;
2. return to Poolwerx on demand all superseded, replaced or outdated copies of the Operations Manual;
3. ensure that online access to the Operations Manual is restricted to the Manager and the Guarantors; and
4. not make any copies of the Operations Manual.

15. Training, Meetings, Educational Forums and Conventions

15.1 Poolwerx to Provide Training

1. Poolwerx, an approved contractor, or an Approved PiP on behalf of Poolwerx, will provide:
 - (i) the Initial Training Program so long as it receives payment of the then-current Initial Training Fee;
 - (ii) the Ongoing Training;
 - (iii) training based accreditation; and
 - (iv) other training as determined by Poolwerx at its discretion, in accordance with the terms of this Agreement and the Operations Manual.
2. Poolwerx will lend its standard training material to the Franchisee and update such material or lend supplementary training materials from time to time.

15.2 Franchisee Accreditations

The Franchisee agrees to ensure, in accordance with the requirements of the Operations Manual, that:

statements (including blogs) that are derogatory or critical of Poolwerx or any of its Affiliates, officers, employees or directors, Approved PIPs, any Franchised Business or any Clients.

18.5 Misleading or deceptive

The Franchisee must ensure that all marketing and promotional activities:

1. are not in any way misleading or deceptive; and
2. conform to the highest standards of ethical marketing, and the policies prescribed by Poolwerx and applicable Law.

18.6 Franchisee Marketing Reports

The Franchisee must, whenever requested by Poolwerx, provide regular reports to Poolwerx in the manner and form as described in the Operations Manual specifying:

1. the marketing and promotion undertaken by the Franchisee;
2. the outcomes of such marketing and promotion; and
3. providing proof that such marketing and promotion has taken place, including but not limited to supplying invoices as evidence of the incurrence of marketing expenditure.

18.7 Marketing Area

1. The Franchisee is entitled to market and promote the Franchised Business in the Marketing Area in accordance with the terms of clause 2.3 and this clause 18.
2. Should a Franchised Business conduct marketing in breach of its franchise agreement, Poolwerx will use reasonable efforts to seek to enforce the terms of the franchise agreement of such Franchised Business.
3. The Franchisee agrees that it cannot sell or transfer the Marketing Area in whole or in part without first obtaining the express written consent of Poolwerx in accordance with clause 33.
4. Notwithstanding clause 18.7(b2), the Franchisee acknowledges and agrees that:
 - (i) Poolwerx will have no liability to the Franchisee to take legal action or to pay compensation arising out of the conduct of other Franchised Business;
 - (ii) clause 2.3 and clause 18.7(b2) will not apply to any area that:
 - (A) is not, or becomes no longer, specifically within the boundaries of the Marketing Area;
 - (B) is subject to an arrangement with a Franchised Business as at the Commencement Date;
 - (C) is additional area allocated to the Franchisee on a non-exclusive basis; or
 - (D) is in an unallocated area.

- (ix) engaging commercial development staff to actively promote Poolwerx to existing or potential Clients for the benefit of franchisees;
- (x) conducting or subsidizing sales, marketing or Client service training to franchisees, including the Costs of Poolwerx staff or contractors working with the Franchisee in the Franchisee's Business, with a view to increasing the sales of the Franchisee;
- (xi) coordinating the activities set out in this clause 18.11;
- (xii) administering the Marketing Fund, including overhead and administrative Costs, the Cost of materials, the Cost of salaries and the other Costs for employees administering the Marketing Fund;
- (xiii) printing and stationery Costs in relation to any activities contemplated by this clause 18.11(a1);
- (xiv) Costs associated with the engagement of any consultants providing relevant services or other activities in relation to the marketing, development or promotion of the Network or Image;
- (xv) payment of audit, accounting, legal and other fees in respect of audits of the records of the Marketing Fund; and
- (xvi) any associated salary, other chargeable expenses, travel and accommodation and other allocated expenses (including, without limitation, insurance, communications, office space and overhead Costs) in relation to any activities contemplated by this clause 18.11(a1).

18.12 Franchisee's Acknowledgments

The Franchisee acknowledges and agrees that:

1. Poolwerx may not expend the total contributions to the Marketing Fund in the Financial Year in which those contributions are received;
2. Poolwerx may accumulate a reserve in the Marketing Fund if Poolwerx thinks this is appropriate;
3. at the end of the Franchise, the Franchisee is not entitled to any of the money held in the Marketing Fund, or to a refund of any money contributed to the Marketing Fund;
4. Poolwerx may contribute, loan to, or withdraw money from, the Marketing Fund, including where Poolwerx seeks reimbursement for previous expenditure or the money in the Marketing Fund is not at the time required for immediate expenditure from the Marketing Fund for the purposes of the Marketing Fund;

5. Poolwerx reserves the right to charge interest in respect of sums it has loaned to the Marketing Fund, or where it has incurred expenditure, on behalf of the Marketing Fund;
6. Poolwerx may administer the Marketing Fund in the manner it considers appropriate; and
7. Poolwerx is not required to spend any proportion of the money in the Marketing Fund in any particular location or in respect of any particular Franchised Business.

18.13 Marketing Fund Accounts

1. Poolwerx must keep up to date and accurate accounting and financial records, and maintain a separate bank account in relation to money paid to it for the Marketing Fund.
2. Poolwerx shall, within a reasonable time following receipt of a written request from the Franchisee, furnish the Franchisee with the unaudited financial statements of the Marketing Fund relating to the most recently completed Financial Year.

18.14 Marketing Fund Wind-Up

1. Poolwerx may wind up the Marketing Fund at any time during the Term.
2. After payment of all Costs authorized by clause 18.11(b2), and the Costs of winding up, Poolwerx may at its discretion:
 - (i) establish a new marketing fund to be operated by Poolwerx, and transfer all or part of the balance of the original Marketing Fund to the new marketing fund;
 - (ii) use all or part of the balance of the Marketing Fund in accordance with clause 18.11(b2); or
 - (iii) distribute all or part of the balance of the Marketing Fund equitably between all Franchised Business and Poolwerx having regard to the amounts contributed by each Franchised Business and Poolwerx, including amounts contributed by Poolwerx in respect of company owned businesses.

19. Client Loyalty Program

1. Poolwerx may, at its discretion, establish and operate a Client Loyalty Program from time to time.
2. The Franchisee must participate fully in any Client Loyalty Program which Poolwerx establishes and implements.
3. The terms on which the Franchisee will participate in the Client Loyalty Program will be as set out in the Operations Manual, or as advised by Poolwerx from time to time.
4. The Franchisee must purchase from Poolwerx, or as directed by Poolwerx:

20, and must not establish a retail store without the prior written consent of Poolwerx.

4. The Franchisee must:
 - (i) take all necessary steps to obtain the approval of Poolwerx for the Premises, including by providing written confirmation of the Premises on the terms contained in clauses 20.34(a)(i), (ii) and (iii); and
 - (ii) ensure that it is suitable for the then current Poolwerx Retail Location concept.
5. Where Poolwerx terminates this Agreement pursuant to clause 20.28(b):
 - (i) the Franchisee will not be entitled to any refund of the Initial Franchise Fee, any other sums paid to Poolwerx or an Affiliate of Poolwerx, or any Costs incurred by the Franchisee; and
 - (ii) all Related Agreements will also terminate.

20.2 Franchisee Satisfied with Premises

1. The Franchisee confirms its approval of any Premises which are described in Item 8 of Schedule 1, and acknowledges that it has:
 - (i) made all necessary inquiries and has conducted its own due diligence in relation to the Premises;
 - (ii) absolutely and unconditionally satisfied itself as to the suitability of the Premises and the location of the Premises for the conduct of the Franchised Business; and
 - (iii) entered into this Agreement as a result of the Franchisee's own assessment of all of these matters and not in reliance upon any alleged statement, warranty, condition or representation made, or alleged to have been made, to the Franchisee by Poolwerx, or by any person on behalf of Poolwerx.
2. After the Franchisee confirms in writing its approval of the Premises, the Franchisee must reimburse Poolwerx, upon request by Poolwerx, for any Costs incurred by Poolwerx in assisting the Franchisee in seeking suitable Premises.

20.3 No Representation by Poolwerx

Poolwerx makes no representation or warranty as to the suitability or otherwise of the Premises at present, or at any time in the future, for the conduct of the Franchised Business.

20.4 Occupancy Rights and Step-in Rights

1. Where Poolwerx, an Affiliate of Poolwerx or the Franchisee do not hold any Occupancy Right:
 - (i) subject to clause 20.56(b2), the Franchisee must obtain an Occupancy Right;

- (v) complete the Build Out in accordance with the timeframes specified in the Refurbishment Plan.
2. The Franchisee must, on demand from Poolwerx, reimburse Poolwerx or a third party at the direction of Poolwerx, the Costs or any part of the Costs associated with the Franchisee's obligations under clause 20.101(a).
3. The Franchisee must pay all incidental Costs of carrying out its obligations under clause 20.101(a), including in relation to any security deposits, telephone connections, and other out-of-pocket expenses.
4. The Franchisee must seek and obtain the approval of Poolwerx prior to the commencement of any construction.
5. Where Poolwerx wishes to defer final approval in reviewing any constructions, the Franchisee:
 - (i) will provide Poolwerx access to the constructions at such times as Poolwerx shall reasonably require; and
 - (ii) must address all issues raised by Poolwerx or its representatives.
6. If Poolwerx requires the Franchisee to perform any rectification of the construction, then such rectification must be completed by the Franchisee within 20 Business Days of Poolwerx notifying the Franchisee of such need for rectification.
7. Poolwerx will arrange for an authorized Poolwerx representative to undertake the inspection and approval process in accordance with this clause.

20.10 Limitation of Liability on Build Out

1. In undertaking any role in the Build Out, the responsibility of Poolwerx is limited to exercising reasonable care in the performance of services directly provided by Poolwerx during the Build Out.
2. The Franchisee acknowledges that:
 - (i) this Agreement does not impose any obligation on Poolwerx to perform duties of a technical nature; and
 - (ii) Poolwerx is not responsible for the acts or omissions of an Approved PiP or any other person involved in the Build Out, including any architects, consultants, contractors, tradesmen or employees, even if they are engaged by Poolwerx.
3. Nothing in this Agreement may be construed as a representation, warranty or guarantee by Poolwerx or any other person on behalf of Poolwerx that the Build Out will be completed within any time frame or within any Cost estimate supplied by Poolwerx, or of the work performed or the materials supplied by any third party in connection with the Build Out.

20.11 Relocation of Premises or Additional Poolwerx Retail Locations

1. The Franchisee may relocate the Franchised Business to other premises, or establish additional Poolwerx Retail Locations if all of the following conditions are satisfied:
 - (i) the Franchisee has obtained the prior written approval of Poolwerx;
 - (ii) an Occupancy Right acceptable to Poolwerx is secured in accordance with this clause 20;
 - (iii) the Premises are built out at the Franchisee's Cost to conform to the then prevailing Image and Standards, and otherwise in accordance with clause 20.10~~9~~; and
 - (iv) in relation to a relocation (only):
 - (A) the new Premises are located within reasonable proximity to the original Premises;
 - (B) the Franchisee pays to Poolwerx all of the Costs of Poolwerx (including Legal Costs and time spent by its employees) in connection with the relocation;
 - (C) Poolwerx and its Affiliates are released by the owner or lessor (if any) from all of their obligations actual or contingent (if any) to the owner or lessor of the original Premises, and that any security held in respect of the Premises is released; and
 - (D) the Franchisee and the Guarantors are released from all of their obligations actual or contingent (if any) to the owner or lessor (if any) of the original Premises, and that any security held in respect of the Premises is released.
2. In respect of any relocation, if Poolwerx does not give its approval in accordance with clause 20.12~~1~~(a~~1~~)(i) within 30 days after the date that the Franchised Business or Retail Location ceases to operate at the original Premises, then:
 - (i) Poolwerx may terminate this Agreement by written notice to the Franchisee; and
 - (ii) Poolwerx is not required to pay any compensation to the Franchisee or any other person in respect of the termination.

20.12 Obligations in Connection with Premises

1. The Franchisee must:
 - (i) comply with the terms of any document conferring an Occupancy Right;
 - (ii) maintain the Premises in good and substantial repair, order and condition and otherwise in accordance with the Operations Manual;

- (iii) ensure that the Premises are always clean and tidy;
 - (iv) ensure that the Premises comply with all Laws and the requirements of any authority;
 - (v) use the Premises for the proper conduct of the Business and for no other purpose;
 - (vi) ensure that the Premises are compliant with the Standards;
 - (vii) not make any alterations to the Premises without obtaining the prior written consent of Poolwerx; and
 - (viii) keep exterior signs on the Premises lit as may be required by Poolwerx, but subject to any requirements by Law or the landlord.
2. Except in relation to clause 20.132(a1)(viii), if any obligation imposed upon the Franchisee under clause 20.132(a1) is inconsistent with the terms of any document conferring an Occupancy Right, the obligations under clause 20.132(a1) prevail to the extent of any inconsistency.
 3. The Franchisee must complete a Premises Upgrade in accordance with the Refurbishment Plan, except:
 - (i) where such Premises Upgrade is due during the last 12 months of the Initial Term; and
 - (ii) the Franchisee has advised Poolwerx in writing that it does not wish to renew the Franchise.
 4. If the Franchisee defaults in its obligations under clause 20.132(e3), and fails to remedy that default within 30 days after notice from Poolwerx to do so, then without prejudice to any other right or remedy that Poolwerx has:
 - (i) Poolwerx, an Affiliate of Poolwerx or any third party contracted by Poolwerx, may enter the Premises and remedy the default; and
 - (ii) the Franchisee must pay the Costs incurred by Poolwerx, the Affiliate or any third party in remedying the default.

20.13 Entry by Poolwerx

1. Poolwerx (or its officers, employees and agents) may enter the Premises at any time, without any requirement to provide prior notice:
 - (i) to inspect the state of repair and condition of the Premises or any Vehicle;
 - (ii) to inspect the inventory and any other equipment used in the Franchised Business; or
 - (iii) to ensure the Franchisee is complying with its obligations under this Agreement.

2. The Franchisee must provide all assistance reasonably required by Poolwerx to enable it to conduct any inspection in accordance with clause 20.1~~43~~(a1).

20.14 Approved PiPs

Subject to clause 10.2, the Franchisee must obtain Build Out, decoration and redecoration services from an Approved PiP or supplier.

21. Franchisee to Maintain Records

21.1 Franchisee to Maintain Records

The Franchisee must:

1. keep full Transaction Records (and backups of such records) and maintain accurate and up-to-date business records, accounts and financial records conforming to accepted accounting practices, and as required by the Operations Manual;
2. maintain bookkeeping, accounting, inventory control, statistical records, Client records, Vehicle tracking records, Client Service History Cards, water testing history, test history data and any other records as may be reasonably required by Poolwerx, which are accurate and otherwise conform to the requirements of Poolwerx;
3. keep all records maintained in accordance with clause 21.1(~~b2~~a1) and (~~b2~~a1) for at least five (5) years after the date they are created; and
4. allow a Poolwerx representative to inspect any such information and provide it to Poolwerx immediately upon request.

21.2 Failure by Franchisee to Maintain Records

1. If the Franchisee does not maintain or provide records in accordance with clause 21.1:
 - (i) Poolwerx may provide services and systems it considers necessary for the Franchised Business;
 - (ii) the Franchisee must provide Poolwerx with all data and documents requested by Poolwerx for such purpose; and
 - (iii) Poolwerx may prepare financial reports and statements for the Franchised Business based upon data and documents provided by the Franchisee.
2. If the Franchisee fails to provide required information or reports, the Franchisee irrevocably consents to Poolwerx estimating the Franchisee's sales and other business information using such information as Poolwerx shall consider appropriate, including any key performance indicators, Minimum Performance Criteria, amounts in the Franchisee's Business Plan or current average sales of Franchised Business in the Franchisee's region with such adjustments as Poolwerx shall consider relevant (the "Estimates").

3. The Franchisee:
- (i) subject to clause 21.2(e3)(ii), agrees that it will pay, and that Poolwerx shall be entitled to recover without dispute from the Franchisee, all relevant fees, marketing contributions and other amounts calculated on the basis of the Estimates; and
 - (ii) shall be entitled to dispute the Estimates if, and only if, it:
 - (A) pays to Poolwerx the amount of the relevant Estimate;
 - (B) advises Poolwerx in writing of the dispute within 20 Business Days of receipt of the relevant Estimate, providing details of the dispute and the amount the Franchisee claims to be the correct amount or amounts;
 - (C) complies in full with the reporting requirements such that the failure to comply under clause 21.1 is remedied;
 - (D) pays to Poolwerx all amounts in accordance with clause 21.2(e4), together with any costs incurred by Poolwerx in addressing the breach by the Franchisee of its reporting obligations under this Agreement; and
 - (E) provides, to the absolute satisfaction of Poolwerx, a reasonable explanation as to why the information was not originally provided and any undertaking and such assurances as Poolwerx shall reasonably require to ensure that no further breach will occur.
4. The Franchisee must pay to Poolwerx, immediately upon demand, the Costs incurred by Poolwerx in:
- (i) providing the services and systems; and
 - (ii) preparing the financial reports and any Estimates, in accordance with clause 21.2(a1) and (b2), including a charge for its overhead and administrative expenses.

22.2 Poolwerx may Appoint Auditor

1. Poolwerx or an auditor appointed by Poolwerx may, at any time during Business Hours, audit the Franchised Business and the reports, financial statements, books, Transaction Records, bank statements and other records of the Franchised Business.
2. The Franchisee must fully cooperate with the requirements of Poolwerx or such auditor.
3. If the audit discloses that the Franchisee has:
 - (i) understated the Gross Revenue:
 - (A) by more than 2%, then the Franchisee must pay the Costs of the audit on demand; and
 - (B) then the Franchisee must pay to Poolwerx the Franchise Fees and Marketing Fees payable in respect of the understatement together with interest on that amount at the Interest Rate, calculated from the date the amount should have been paid until it has been paid in full; or
 - (ii) made overpayments, then Poolwerx will:
 - (A) pay for the cost of the audit; and
 - (B) give a credit against Franchise Fees in respect of the overpaid amount, payable over a period of 6 months.
4. The auditor's report is final and binding on the parties.

22.3 Inspection

1. Poolwerx may at any time during Business Hours inspect the records of the Franchised Business, including all source data of such records, and any other information prescribed by the Operations Manual.
2. In conducting any inspection, Poolwerx may, at its Cost, remove records so that they can be examined and photocopied, provided that any records removed are promptly returned.
3. The Franchisee must permit Poolwerx or its authorized representatives to inspect, at any time during Business Hours, the records of the Franchised Business, any vehicles used in the Franchised Business and the Approved Equipment.
4. Poolwerx may, at its discretion, during any inspection conducted under clause 22.3(e3):
 - (i) observe the provision by the Franchisee of Poolwerx Services to Clients;
 - (ii) test any of the Franchisee's Approved Equipment and products; and
 - (iii) remove samples of products in the quantities required to enable Poolwerx to conduct tests or analyses.

5. Poolwerx will use reasonable efforts to give the Franchisee prior notice if it wishes to exercise any of its rights under this clause 22.3.
6. The Franchisee must fully cooperate with Poolwerx during any inspection under this clause 22.3.

22.4 Collection Statement and Consent

1. Poolwerx may collect, store, disclose, use and otherwise deal with information obtained by it under this clause 22 or maintained under clause 21 (**Reporting Information**) for the purposes of controlling, administering and promoting the Network.
2. Reporting Information that Poolwerx collects may be disclosed to:
 - (i) current and prospective Franchised Business;
 - (ii) persons engaged by Poolwerx to assist in the recruitment of Franchised Business;
 - (iii) persons who provide administrative or other services to Poolwerx, including the professional advisers of Poolwerx;
 - (iv) current and prospective financiers and lenders to Poolwerx or the Franchisee;
 - (v) suppliers and prospective suppliers to the Franchisee or Poolwerx;
 - (vi) government departments and regulatory authorities; and
 - (vii) on a confidential basis, parties proposing to acquire an interest in Poolwerx or an Affiliate of Poolwerx.
3. To the extent permitted by applicable Laws, the Franchisee consents to the use and disclosure of the Reporting Information in the manner detailed in clause 22.4(~~b~~2).
4. To the extent that the Franchisee is entitled pursuant to applicable Laws, the Franchisee may request access to information held by Poolwerx about the Franchisee by making a written request to Poolwerx.
5. Poolwerx will comply with any request made in accordance with clause 22.4(~~e~~4), within a reasonable time following receipt of such request.

22.5 Franchisee to provide unaudited balance sheet

The Franchisee shall within 10 days after a written request from Poolwerx, provide Poolwerx with:

1. an unaudited balance sheet as at the end of the last Financial Year; and
2. an income and loss statement covering the current Financial Year to the end of the month prior to the month in which the request is made,

in each case certified as being true and correct by a director of the Franchisee, the Franchisee's chief executive officer or chief financial

officer, or such other representative of the Franchisee as Poolwerx may request in writing.

23. Client Data Base

23.1 Client Details and Records

The Franchisee must:

1. on behalf of Poolwerx, procure from Clients all details and relevant personal information required by Poolwerx;
2. only use the Client Service History Card to:
 - (i) procure the details and relevant personal information of Clients; and
 - (ii) compile and complete the relevant Client Data Base and the business Software database;
3. when identifying non-Commercial Clients and Commercial Clients, use the correct accounting or Software codes designated by Poolwerx;
4. record details of Commercial Clients to whom proposals have been submitted in the last 12 months;
5. maintain records of past Commercial Clients recording the reason as to why they are no longer a Client of the Franchised Business;
6. implement any marketing or similar strategies recommended by Poolwerx which are designed to procure the details and relevant personal information of Clients; and
7. refrain from offering or selling the Client Data Base or the pool cleaning routes for any Clients to any third party during or after the term of this Agreement, unless expressly authorized by Poolwerx in writing.

23.2 Provide Client Details to Poolwerx

1. Subject to any applicable Law, the Franchisee must immediately update Client data into the current Poolwerx authorized customer relationship management software system.
2. For the purposes of clause 23.2(a1), Poolwerx must provide access to the Poolwerx authorized customer relationship management software system.

The Franchisee will not display in or outside the Premises or on the Vehicle any logos, trademarks or other intellectual property belonging to any other person without the express written approval of Poolwerx and the owner of that intellectual property.

24.3 Use of Intellectual Property

The Franchisee must:

1. subject to clause 24.10(e3), not register or seek to register any of the Intellectual Property without the prior written consent of Poolwerx;
2. not cause any of the Intellectual Property to be prejudicially affected or contested;
3. use the Intellectual Property only in the manner prescribed by Poolwerx;
4. not make any alterations to the Intellectual Property;
5. not interfere with or inhibit the authorized use of the Intellectual Property by any other Franchised Business; and
6. advise Poolwerx immediately of any infringement, potential infringement or challenge of the rights of Poolwerx in the Intellectual Property by a third party known to the Franchisee, and subject to Poolwerx's approval, take all reasonable action to stop or prevent further infringement.

24.4 Prohibition of Words in Franchisee's Entity Name

The Franchisee must not use the word "Poolwerx" or any derivative of that word or the words "Pool", "Spa", "Mobile", "Care", "Franchise", "Franchising", "Healthy", "People", "Werx", "Works", "Worx", "Worxs" or any derivative of those words in the Franchisee's Entity name.

24.5 The Intellectual Property of Poolwerx

The Franchisee acknowledges that:

1. all rights in and relating to the Intellectual Property:
 - (i) are the property of Poolwerx; and
 - (ii) remain under the control of Poolwerx; and
2. the Franchisee shall not acquire any right, title or interest in any of the Intellectual Property.

24.6 Trademarks

1. The Franchisee must:
 - (i) when using Trademarks clearly indicate in an appropriate location in the manner specified by Poolwerx that the Franchisee uses the Trademarks under license from Poolwerx;
 - (ii) stop using the Trademarks at the expiration or termination of the Franchise; and

2. Client Data Base, Client Information, Client Service History Cards; and
3. Trademarks, Image and System belong to Poolwerx.

24.9 Trade Name

The Franchisee must at the expiration or termination of this Agreement do all things necessary to cease to carry on any business under, or otherwise use, the Poolwerx Trade Name, or any derivation thereof.

24.10 Assignment of Intellectual Property in Franchisee's Improvements

1. The Franchisee hereby assigns all of its rights to, and intellectual property rights in, the Franchisee's Improvements to Poolwerx or its nominee as and when such intellectual property rights are created.
2. If the Franchisee's rights to, or intellectual property rights in, the Franchisee's Improvements are not capable of assignment in accordance with clause 24.10(a), the Franchisee grants to Poolwerx, as and when such intellectual property rights are created, an exclusive, worldwide, royalty free, irrevocable, fully assignable, perpetual license in respect of the Franchisee's Improvements for Poolwerx to use the Franchisee's Improvements and grant others the right to use the Franchisee's Improvements.
3. If Poolwerx wishes to register the intellectual property rights in any of the Franchisee's Improvements and the Franchisee is the owner, or a necessary applicant for that registration, the Franchisee must immediately, upon request by Poolwerx, apply in the Franchisee's own name for registration and then sign all documents and deeds, perform all acts and do all things necessary to assign that registration or application to Poolwerx or its nominee.
4. If the Franchisee is the author of any of the Franchisee's Improvements for the purposes of copyright law (**Author**), then, for the benefit of Poolwerx or its nominee (and any further assignee, licensee or successor) the Franchisee:
 - (i) consents to all acts or omissions done by Poolwerx, its nominee and any further assignee, licensee or successor in title in relation to the Franchisee's Improvements including:
 - (A) not naming the Author as an author of the Franchisee's Improvements;
 - (B) naming another person as the author of the Franchisee's Improvements; and
 - (C) amending or modifying (whether by changing, adding, deleting or removing) any part of the Franchisee's Improvements; and
 - (ii) acknowledges and agrees that:
 - (A) such consents do not constitute an infringement of the Author's rights under applicable law; and

- (B) that each of the provisions in this clause 24.10(d) is fair and reasonable to enable Poolwerx or its nominee to obtain the full benefit of the rights intended to be conferred on Poolwerx by this clause 24.10.
5. Where the Franchisee is not the Author, the Franchisee agrees to procure from the relevant author applicable consents and acknowledgements in order to give full effect to the intention of clause 24.10(e4).

25. Internet E-Commerce and Domain Names

25.1 Use of the Internet

The Franchisee must:

1. in connection with the Franchised Business:
 - (i) only use the email addresses approved by Poolwerx;
 - (ii) only use such email addresses in the manner prescribed by Poolwerx in the Operations Manual; and
 - (iii) change such email addresses or manner of use whenever required by Poolwerx;
2. ensure that the Franchisee's email address is displayed on the website, digital marketing, business stationery and all locally produced marketing materials in the manner and the location specified by Poolwerx;
3. advertise the domain name specified by Poolwerx on all of the Franchisee's business stationery, digital marketing, invoices and statements;
4. agrees that, at all times, ownership and control of the Poolwerx websites and domain names remain with Poolwerx or an Affiliate of Poolwerx;
5. not interfere with, alter or allow to be altered, the structure, content or layout of any of websites owned or operated by Poolwerx, any Affiliate of Poolwerx or by and third party in connection with the Franchised Business;
6. not publish on the internet, world wide web or any social media site the Trademarks or any information or material concerning the Franchised Business, the Operations Manual, the Image or any other Intellectual Property without the prior written consent of Poolwerx; and
7. participate in programs and/or adhere to any then current policies or specifications Franchisor develops, maintains or requires from time to time with respect to the use of Artificial Intelligence in connection

with the development and operation of Franchised Businesses generally or the Franchised Business.

25.2 Registration of Domain Names

The Franchisee must not register as a domain name:

1. any of the Trademarks, or any part of the Trademarks;
2. any words or names similar to the Trademarks or any part the Trademarks;
3. any words or names similar to the Trade Name; or
4. any name which includes 1 or more the prohibited words specified in clause 24.4.

25.3 Conduct of Business on the internet

1. The Franchisee acknowledges and agrees that Poolwerx has the right to:
 - (i) control or conduct business and market for business on the internet; and
 - (ii) offer for sale, via the internet, products and services which are the same or similar to the Approved Products or Approved Services.
2. Subject to clause 18.4(a1), the Franchisee may market the Franchised Business via the internet or conduct, or attempt to conduct, the whole or any part of the Franchisee Business by way of the internet or similar technologies, provided it has obtained the prior written approval of Poolwerx, and the marketing content is at all times compliant with Poolwerx Standards and the Operations Manual.
3. Poolwerx may, at its discretion, use any Poolwerx owned or operated website to provide any leads, sales requests or requests for information:
 - (i) to the Franchisee or franchisees in whose Marketing Area the person is located; or
 - (ii) to such Franchisee as Poolwerx determines is best placed to service the Client in circumstances where:
 - (A) the person's location cannot be determined;
 - (B) the person is not located in a Marketing Area; or
 - (C) Poolwerx otherwise determines that the Client will be best served by such allocation.
4. Notwithstanding clause 25.3(e3), the Franchisee acknowledges that e-commerce is continually changing and Poolwerx shall have the right, in consultation with the Franchisee or representatives of the Franchisee appointed by Poolwerx, to amend the arrangements described in clause 25.3(e3) at any time, having regard always to the benefit of the Network, System and Image as a whole.

25.4 Social Media, Networking and Loyalty Obligation

1. The Franchisee acknowledges and agrees that:

- (i) it must comply with the policies and procedures prescribed in the Operations Manual relating to the Franchisee's use of any social media networking sites (of any kind or nature including, web or internet-based, or mobile telephonic applications, including but not limited to Facebook, Instagram and Twitter, which enable the creation and exchange of user generated content) (**Social Media**) in connection with the Franchised Business and the Franchisee's involvement and experiences (adverse or otherwise) within the System;
 - (ii) Poolwerx has the absolute right to control and protect the use of its goodwill, the Network Name, Trademarks and Image, and Poolwerx can prohibit, limit or impose conditions upon the Franchisee's use of all or any of these in any Social Media that the Franchisee wishes to use directly or indirectly in connection with the Franchised Business;
 - (iii) it will not establish a website, webpage or blog, or otherwise participate in, make or post any offensive, derogatory, adverse or negative images, content, statements, satirical comments, blogs, tweets or postings about:
 - (A) Poolwerx or any Affiliate of Poolwerx, or any directors, officers or employees of Poolwerx or an Affiliate of Poolwerx;
 - (B) other Franchised Business or master franchisees (if any);
 - (C) any suppliers, Approved PiPs (or their officers or employees), Clients, Approved Products, Approved Services, Poolwerx Products or Poolwerx Services;
 - (D) the System;
 - (E) the Network; or
 - (F) anyone else connected to, or associated with, the Franchised Business, and the Franchisee acknowledges that such conduct can have an immediate detrimental effect on Poolwerx and its goodwill and Image, and that of other Franchised Business and master franchisees (if any) in the Network;
 - (iv) if the Franchisee has a complaint or dispute with or concerning Poolwerx or the Network, it will:
 - (A) follow the dispute resolution provisions contained in clause 40; and
 - (B) continue to adhere to the provisions of this Agreement, including the loyalty obligation in clause 25.4(~~g~~7)(i) and the confidentiality requirements of clause 26.
2. The Franchisee irrevocably appoints Poolwerx and the senior officers of Poolwerx as the Franchisee's attorney-in-fact to:

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- (i) access any Social Media site and change or remove any content which is posted or published in breach of the terms of this Agreement or any policy; and
 - (ii) authorize the Host or any provider or controller of the site to cause the immediate and permanent removal or deletion or variation of any content that the Franchisee has published, posted or caused to be published or posted on any Social Media in breach of this Agreement or in breach of any policy that Poolwerx has prescribed under the Operations Manual that relates to Social Media.
3. The Franchisee shall reimburse Poolwerx and its Affiliates for any loss, damage, Cost or expense (on a full indemnity basis) that Poolwerx may incur in taking any action:
 - (i) contemplated by clause 25.4(~~b~~2); or
 - (ii) to enforce its rights under this clause 25.4, including in circumstances where Poolwerx seeks any form of injunctive relief to compel the removal of any content in breach of this clause 25.4.
4. The Franchisee agrees to provide Poolwerx, as and when required by Poolwerx, unrestricted access (including provision of the Franchisee's user names and passwords) for all Social Media used by the Franchisee, and to promptly advise Poolwerx if those details change.
5. The Franchisee agrees that upon the termination or expiry of this Agreement, it must sign all forms to:
 - (i) authorize Poolwerx to remove any content that relates to the System on any Social Media; or
 - (ii) transfer to Poolwerx control or use of all content and Social Media used in connection with the Franchised Business.
6. The Franchisee agrees that if any photographs are to be taken or uploaded by the Franchisee to any Social Media platform, the Franchisee must, prior to the taking or uploading of such photographs, obtain the written consent:
 - (i) of the owner of the copyright in that photograph; and
 - (ii) if a person is represented in that photograph, of that person if they are 18 years of age or older, or their legal guardian if they are less than 18 years of age.
7. The Franchisee acknowledges and agrees that:
 - (i) it must at all times demonstrate loyalty to the Franchised Business, Network and brand;
 - (ii) it must not make in any public forum (including the Intranet) any adverse or negative comments, statements, articles, broadcasts, blogs, tweets or other publications of any kind or

3. Workers Compensation Insurance including employers' liability with limits of \$1,000,000/\$1,000,000/\$1,000,000; Individual franchise owners that are active in the business must include themselves as insured employees unless prohibited by State regulation.
4. Commercial Auto insurance insuring all motor vehicles owned, leased, or used by the Franchisee, providing the following coverages:
 - (i) Auto liability, including for hired and non-owned or leased vehicles including coverage of at least \$1,000,000 and including Poolwerx as an Additional Insured
 - (ii) Full Comprehensive and Collision insurance on all owned or leased vehicles. including coverage for any vehicle customization. fixtures or fittings in such vehicles including signage.;
5. Property in Transit Insurance, without limiting clause 27.2(d), for loss or damage to:
 - (i) any inventory of the Approved Products in any motor vehicle being used to transport the same;
 - (ii) any equipment or fittings used by the Franchisee in the Franchised Business, whether by fire, theft, burglary, willful damage by third parties or otherwise.
6. as set out in clause 17.3(~~a~~1) of this Agreement;
7. in respect of sickness or accident in relation to the Franchisee and/or the Manager;
8. which may be required by agreements entered into by the Franchised Business in the course of the Franchised Business; and
9. which Poolwerx may from time to time require, as advised in writing by Poolwerx or as otherwise set forth in the Operations Manual or any updates thereof.
10. Insurance policies other than Workers Compensation Policy were prohibited by State regulation and Errors & Omissions Liability Policy will stipulated that those polices are Primary and Non-Contributory with respect to any insurance of.

27.3 Proof of Insurance Policies

Poolwerx may require the Franchisee to produce evidence that each Insurance Policy exists, is current, and is on terms and conditions consistent with clauses 27.1 and 27.2.

27.4 Report Claims

1. The Franchisee must promptly, and in accordance with the terms of the relevant Insurance Policy, report to both the insurer and Poolwerx any claim, or any event which may give rise to a claim, against the Franchisee or Poolwerx.

2. The Franchisee grants its consent to Poolwerx requesting and receiving from the Franchised Business's insurer information regarding claims made by the Franchisee, and the nature and number of such claims.

27.5 Poolwerx May Effect Insurance

1. If the insurance coverage as required by this clause 27 is not affected by the Franchisee, Poolwerx may obtain the insurance coverage on the Franchisee's behalf.
2. The Franchisee must:
 - (i) execute all forms required to obtain such insurance coverage; and
 - (ii) pay on demand all Costs incurred and premiums paid by Poolwerx in obtaining such insurance coverage.

27.6 Post Termination Obligations

1. For a period of 7 years after the expiration or termination of the Franchise, the Franchisee will, at its Cost, take out and maintain in full force and effect, professional indemnity insurance in accordance with clause 27.2(b2).
2. The parties acknowledge and agree that this clause 27.6 expressly survives the expiration or earlier termination of this Agreement.

28. Manager and Employees

28.1 Appointment

The Franchisee must:

1. appoint the Manager to manage the Franchised Business; and
2. ensure that the Manager devotes his full time and effort exclusively to the management and conduct of the Franchised Business.

28.2 Approval and Training

The Manager must:

1. at the Cost of the Franchisee, complete the Initial Training Program to the satisfaction of Poolwerx; and
2. obtain the Accreditations.

28.3 Entitlements of Manager and Franchisee's Employees

The Franchisee must:

1. pay all Costs associated with the Manager and the Franchisee's other employees, agents and contractors, including federal and state tax withholdings, all benefits, and all other amounts which the Franchisee is legally required to, or has contractually agreed to pay; and

2. maintain registrations, Accreditations and certificates under all applicable workplace health and safety Laws or compensation Laws in respect of the Manager, the Franchisee and the Franchisee's other employees, agents and contractors.

In all cases, Poolwerx and the Franchisee acknowledge and agree that Poolwerx will not, and will have no right or authority to, control the employees of the Franchised Business or Franchisee's other employees. Franchisor will have no right or authority with respect to the hiring, termination, discipline, work schedules, pay rates or pay methods of employees of the Franchised Business or of the Franchisee. The Franchisee acknowledges and agrees that all employees of the Franchised Business and of the Franchisee will be the exclusive employees of the Franchisee and will not be employees of Poolwerx nor joint employees of the Franchisee and Poolwerx.

28.4 Employee Costs not Recoverable by the Franchisee

1. The Franchisee acknowledges and agrees that Poolwerx is not liable, and that the Franchisee will not seek payment or reimbursement from Poolwerx, for any Costs, payments or remittances under clauses 28.2 and 28.3.
2. The Franchisee will indemnify Poolwerx in respect of:
 - (i) any fine, penalty or other charge imposed on Poolwerx in relation to clause 12.15 or this clause 28; ~~and~~
 - (ii) any claim that any employee of Franchisee is jointly employed by Poolwerx; and
 - (iii) any non-compliance by the Franchisee with its statutory obligations.

28.5 Employee Records

The Franchisee must:

1. maintain complete and up-to-date records in respect of each employee, as required by Poolwerx and all applicable Laws;
2. maintain all training and Accreditation records of all employees, including the Manager; and
3. demonstrate, whenever required by Poolwerx, that it is complying with this clause 28.5, including by producing, to the reasonable satisfaction of Poolwerx, all records maintained in accordance with this clause 28.5.

29. Entity Franchisee

29.1 Corporate or Limited Liability Organizational Documents

1. Before the Franchise commences operation of the Franchised Business, the Franchisee must give to Poolwerx certified copies of:

- (i) the Franchisee's articles of incorporation or organization; and
 - (ii) any other documents requested by Poolwerx from the Franchisee's company register.
2. The Franchisee and each Guarantor jointly and separately warrant that the Franchisee's organization or corporate documents do not preclude the Franchisee from being granted the Franchise, or otherwise from exercising its rights and performing its obligations under this Agreement.

29.2 Directors', Shareholders' or Equity Owners' Guarantees

The Franchisee will procure that:

1. each of its directors, shareholders and equity owners gives a guarantee and indemnity on the terms set out in clause 38; and
2. any new director or shareholder or equity owner, when appointed, signs a guarantee and indemnity on, at the election of Poolwerx at its discretion:
 - (i) substantially the same terms as those set out in clause 38; or
 - (ii) terms then customarily used by Poolwerx in the Network at the time of such appointment.

29.3 Ownership of Franchisee

The Franchisee and each Guarantor jointly and separately warrant that, as at the Commencement Date:

1. the directors, shareholders and equity owners of the Franchisee are as specified in Item 3 of Schedule 1; and
2. all of the issued shares or equity interests in the Franchisee are beneficially held by these shareholders or equity owners.

29.4 No Changes Without the Consent of Poolwerx

1. The Franchisee must not, without first obtaining the written consent of Poolwerx, allow to occur any:
 - (i) change in the composition of the Franchisee's directors;
 - (ii) alteration to the Franchisee's corporate or organizational document;
 - (iii) Disposal of shares or equity interests in the Franchisee; or
 - (iv) reduction or alteration of the Franchisee's capital.
2. The consent of Poolwerx under clause 29.4(a1) may be given or withheld at its discretion.
3. Without limiting clause 29.4(b2), Poolwerx may, as a condition of consenting, require that the change does not adversely affect the Franchisee's ability to perform its obligations under this Agreement.

29.5 Transfer

Any Disposal in relation to the Franchisee will be deemed a Transfer for the purposes of clause 33.2, and the conditions of that clause will apply in respect of such Disposal.

30. Trust Provisions

The Franchisee and the Guarantor represent and warrant that neither of them is acting as a trustee of any trust in executing this Agreement.

31. Protection of the Goodwill of Poolwerx

~~31.1 Restraints Reasonable~~

The Franchisee and each Guarantor acknowledge and agree that:

1. Poolwerx has considerable and recognized goodwill in the conduct of its business, and in developing and promoting the Network and the System;
2. Poolwerx should be entitled to protect that goodwill for its own benefit and the benefit of all Franchised Business by restricting the Franchisee's ability to damage that goodwill by competing with Poolwerx or any Franchised Business; and
3. each of the restraints imposed upon the Franchisee and each Guarantor under clauses 31.2, 31.3, 31.4 and 31.5 is fair and reasonable, and is no greater than is reasonably necessary to protect such goodwill and the legitimate commercial interests of Poolwerx and the Network.

31.2 Franchisee Must Not Compete Unfairly

During the Term, the Franchisee and each Guarantor jointly and severally agree:

1. not to engage or have any interest in any business that:
 - (i) supplies products or services the same or similar to those at any time supplied in the Franchised Business; or
 - (ii) is a market competitor of the Network, Poolwerx or any Franchised Business; and
2. to take all necessary actions to ensure that no Interested Parties engage in the conduct specified in clause 31.2(a)(i) or (ii).

31.3 Post-Term Restrictive Covenants

For the Restraint Period following the later of the expiration or termination of this Agreement for any reason whatsoever, the Franchisee and each Guarantor jointly and severally agree not to:

1. engage or participate in, or derive any benefit from, any business within the Restraint Area which offers or sells any product or service, or component thereof, which:

2. A request for the consent of Poolwerx under clause 33.2(a) must be accompanied by all information that Poolwerx requires to make an informed decision, including, in respect of Transfers of the Franchised Business, any information required to satisfy the conditions in clause 33.3.
3. Poolwerx may, acting reasonably, revoke any consent given under this clause 33.2 within 14 days of the giving of such consent, provided that Poolwerx informs the Franchisee in writing of such revocation with reasons for its decision.
4. Notwithstanding clause 33.2(a), the prior written consent of Poolwerx is not required for Transfers, assignments or other disposals of obsolete assets in the ordinary course of business, provided that such assets are immediately replaced with assets conforming to the specifications of Poolwerx or as set out in the Operations Manual.
5. Under no circumstances may Franchisee transfer or attempt to transfer the Franchised Business or all or substantially all of the assets associated with the Franchised Business to a third-party who will operate a competitive pool business or other similar business but not under the System, Image and Trademarks, and not under a franchise agreement with Franchisor.
6. The sale of pool routes is expressly prohibited unless otherwise authorized by us.

33.3 Conditions to be Satisfied Before Transfer can be Approved

The Franchisee acknowledges and agrees that:

1. the consent to any Transfer of the Franchised Business may be given or withheld at the discretion of Poolwerx; and
2. in granting any consent, Poolwerx may consider or require that the following conditions, at minimum, are satisfied:
 - (i) that the transferee, in the opinion of Poolwerx at its discretion:
 - (A) possesses the financial resources necessary to conduct and operate the Franchised Business, and to service any borrowings it makes in order to acquire the Franchised Business;
 - (B) is a reputable and responsible person, having the business experience and capabilities necessary to successfully operate the Franchised Business; and
 - (C) otherwise meets the criteria, as set by Poolwerx, for the selection of new Franchised Business;
 - (ii) that the Franchisee pays the Transfer Fee;
 - (iii) the Franchisee pays to Poolwerx the then current Transfer Fee, together with the Legal Costs and other Costs incurred by Poolwerx in approving, documenting and otherwise affecting the transfer;

- (iv) Poolwerx is entitled to withhold an amount, as determined by Poolwerx at its discretion, by way of retention from the purchase consideration payable by the buyer to the Franchisee on Transfer of the Franchised Business (**Retention**);
- (v) the Retention may be held for a period of time as determined by Poolwerx at its discretion, provided that such period must not exceed 3 months from the date of settlement of the transaction (**Retention Period**);
- (vi) Poolwerx will apply, use and release the Retention as follows:
 - (A) towards any amounts owed by the Franchisee to Poolwerx, any Approved PiPs, or other third party supplier of Poolwerx Products or Poolwerx Services;
 - (B) towards any contingent warranty claim made by the buyer for any breach of a warranty under the business sale contract by the Franchisee; and
 - (C) at the expiration of the Retention Period, the balance of the Retention (if any), will be paid to the Franchisee;
- (vii) the Franchisee is not in default under this Agreement or any Related Agreement at the time:
 - (A) of seeking consent to the Transfer; or
 - (B) of the Transfer;
- (viii) the transferee executes all documents then customarily used by Poolwerx for Franchised Business, including:
 - (A) a franchise agreement in the form then used by Poolwerx, which may contain different terms and conditions to those set out in this Agreement, for:
 - 1. the balance of the Term (including any existing rights of renewal); or
 - 2. a new term, as determined by Poolwerx at its discretion; or
 - (B) a transfer agreement of the Franchisee's rights and obligations under this Agreement to the transferee in a form required by Poolwerx;
- (ix) where the transferee is an Entity, its directors and shareholders and equity owners:
 - (A) satisfy the criteria in clause 33.3(b2)(i); and
 - (B) each give a guarantee and indemnity in favor of, and in a form required by, Poolwerx in respect of the buyer's obligations to Poolwerx;

Franchised Business for the Offer Price and upon the terms and conditions contained in the Offer Notice.

4. If Poolwerx does not accept the offer contained in the Offer Notice within the Offer Period, the Franchisee is entitled to Transfer the Franchised Business to a third party provided that:
 - (i) such Transfer occurs within 60 Business Days of the end of the Offer Period;
 - (ii) the Franchisee otherwise complies with clauses 33.2 and 33.3; and
 - (iii) the Transfer is not made for less than the Offer Price or on terms and conditions more favorable to the third party than those contained in the Offer Notice.
5. If the Franchisee does not Transfer the Franchised Business within the period referred to in clause 33.4(~~d4~~)(i), the rights of Poolwerx under clause 33.4(~~b2~~) are revived, and the Franchisee must not permit any Transfer without first offering the Franchised Business to Poolwerx.

33.5 No Encumbrances

The Franchisee must not create or allow the creation of any Security Interest in this Agreement, the Franchise or the Franchised Business without first obtaining the written consent of Poolwerx.

33.6 No Sub-franchises

The Franchisee must not lease, sub-lease, license, sub-license, franchise or part with possession of some or all of:

1. the Franchise or Franchised Business; or
2. rights in the Franchise or Franchised Business, without first obtaining the written consent of Poolwerx, which may be withheld at the discretion of Poolwerx.

33.7 Restructuring by Franchisee

If the Franchisee is made up of:

1. two (2) or more persons and one (1) or more of them want to Transfer their interest in the Franchise to one or more of the others; or
2. one (1) or more individuals who want to Transfer the Franchise to an Entity beneficially owned by them and incorporated by them for the sole purpose of conducting the Franchised Business, the consent of Poolwerx may be given or withheld at its discretion, and in consenting, Poolwerx may, require that each of the following conditions is satisfied:
 3. the transferor assigns to the assignee all of its interest in the Franchise, the Franchised Business and any Related Agreement;
 4. the Transfer does not affect the transferor's obligations to Poolwerx prior to the date of the Transfer;

5. Poolwerx has been given details of the proposed Transfer and any other details requested by Poolwerx at least 30 days before the proposed Transfer is to take effect;
6. the person or persons who will own the Franchisee after the Transfer have the financial capacity and the ability to operate the Franchise successfully without the transferor's involvement;
7. if the transferee is an Entity, the directors, shareholders and equity owners each give a guarantee and indemnity in favor of, and in a form required by, Poolwerx in respect of the obligations of the transferee to Poolwerx;
8. the Franchisee, transferee and transferor execute such documentation as required by Poolwerx; and
9. the Franchisee pays the Legal Costs of Poolwerx in connection with the Transfer.

33.8 Death or Permanent Incapacity

1. If any of:
 - (i) a natural person Franchisee (where there is one (1) or more of them); or
 - (ii) a director, shareholder, equity manager or equity owner of any Franchisee which is an Entity, dies or suffers permanent incapacity, that person (or the person's executor or personal representative) must, within 60 Business Days after the person dies or becomes permanently incapacitated, effect a Transfer of the Franchise and the Franchised Business, or their interest in the Franchise and the Franchised Business, in accordance with this clause 33, which *inter alia* means:
 - (iii) if ownership of the Franchised Business is to be restructured in the manner contemplated by clause 33.7, that clause applies; and
 - (iv) otherwise:
 - (A) Poolwerx has a right of first refusal to acquire the Franchised Business under clause 33.4; and
 - (B) the Transfer must meet all the requirements of clause 33.3.
2. Notwithstanding clause 33.8(a1)(ii), any surviving director, shareholder, equity manager or equity owner (**Surviving Member**), will be permitted by Poolwerx to carry on operating the Franchise granted under this Agreement, provided that the Surviving Member:
 - (i) has satisfactorily completed the Initial Training Program; and
 - (ii) has the relevant skill, Accreditations and expertise to operate and manage the Franchise in the manner approved by Poolwerx, which shall be determined by Poolwerx at its discretion.

3. If Poolwerx permits the Surviving Member to operate the Franchise, it shall be on the terms of this Agreement, subject to any modification agreed in writing by Poolwerx and those parties.
4. If a Transfer under this clause 33.8 is not completed within the timeframe specified in clause 33.8(a1), Poolwerx may terminate this Agreement and the Franchise by giving a written notice to the Franchisee.
5. In this clause, permanent incapacity exists if, because of mental or physical infirmity, the Manager, Guarantor, director, shareholder, equity manager or equity owner of the Franchisee cannot, in the reasonable opinion of Poolwerx, actively participate in the Franchised Business for a total of 20 Business Days at any time or times during any consecutive 12 month period.

33.9 Temporary Operation

If:

1. the Franchisee fails to keep the Franchised Business open during Business Hours;
2. the Franchisee stops operating or abandons the Franchised Business; or
3. clause 33.8(a1) applies and there has been no Transfer of the Franchised Business as required by that clause,

Poolwerx may, but is not obligated to, operate and manage the Business until the occurrence of, as applicable:

4. the end of the Franchise;
5. a Transfer is effected in accordance with this Agreement; or
6. Poolwerx terminates the Agreement in accordance with clause 33.8(d4).

33.10 Temporary Management

If, in the opinion of Poolwerx at its discretion, the Manager is unable to operate the Franchised Business for any reason, including through accident, ill-health or inability, Poolwerx may manage the Franchised Business on behalf of the Franchisee for such period of time as determined by Poolwerx.

33.11 Conditions of Management

If Poolwerx for any reason manages the Franchised Business, including under clauses 33.9 or 33.10:

1. Poolwerx shall not be liable to the Franchisee for any loss or damage suffered by the Franchisee arising out of such management by Poolwerx;
2. the Franchisee must indemnify Poolwerx and its employees and agents against all damages, sums of money, Costs, actions, claims, liabilities, injuries and demands made against or suffered by Poolwerx, its employees or agents, which arise out of or in connection with such management;

3. the Franchisee must pay to Poolwerx the Management Fee for managing the Franchised Business and any travelling, accommodation or other expenses in relation to such management;
4. Poolwerx must account to the Franchisee for all net income received by Poolwerx while operating and managing the Franchised Business less the Management Fee;
5. the Franchisee must bear any losses incurred during operation and management of the Franchised Business by Poolwerx; and
6. Poolwerx is not liable to the Franchisee in any way for anything done by Poolwerx while it operates and manages the Franchised Business in accordance with this clause 33.11.

34. Termination Before Commencement of the Franchised Business

34.1 Poolwerx May Terminate Before Franchised Business Commences

1. Poolwerx may terminate this Agreement by giving a written notice to the Franchisee if Poolwerx considers that the Manager will not be able to complete, or has not completed, the Initial Training Program in accordance with clause 28.2.
2. If Poolwerx terminates this Agreement pursuant to clause 34.1(a1):
 - (i) all Related Agreements also terminate when this Agreement terminates; and
 - (ii) the Franchisee shall not be entitled to any:
 - (A) refund of the Initial Franchise Fee, or any other sums paid to Poolwerx or any of its Affiliates; or
 - (B) reimbursement of any Costs incurred by the Franchisee.

35. Termination by Poolwerx for Franchisee's Default

35.1 Default Event

For the purposes of this Agreement, a **Default Event** means any one or more of the following:

1. where the Franchisee:
 - (i) fails or neglects to pay any monies owing to Poolwerx or its Affiliates by the earlier of ten days after receiving written notice of its default, or 30 days after the original due date of the payment;
 - (ii) has previously been given at least two notices of nonpayment within the last 12 months and the Franchisee subsequently fails to timely pay when due any monies;

engaged in, or engages in, activities which in the reasonable opinion of Poolwerx, have or will have an Adverse Effect;

4. where the Franchisee or any Guarantor violates and of the covenants in clause 33, including where any Transfer occurs which does not comply with the requirements therein; or
5. where Poolwerx discovers that the Franchisee or any Guarantor:
 - (i) has made any material misrepresentations or omissions in connection with the Franchisee's application to Poolwerx for the Franchise; or
 - (ii) makes or has made any material misrepresentation or omissions in connection with this Agreement, or any Related Agreements, or the Franchisee.

35.2 Termination for a Default Event

Poolwerx may, without prejudice to its accrued rights and remedies, and except as prohibited under applicable law, terminate this Agreement by written notice to the Franchisee, in the following circumstances:

1. where a Default Event is capable of remedy, and such Default Event has not been remedied:
 - (i) in the timeframe specified for the relevant Default Event in clause 35.1(b2); or
 - (ii) where no such timeframe is specified, within a reasonable time as specified by Poolwerx in writing to the Franchisee; or
2. where a Default Event:
 - (i) is not capable of remedy; and
 - (ii) is a material breach of the Franchisee's obligations under this Agreement, immediately upon written notice to the Franchisee.

36. Effect of the Franchise Expiring or Terminating

36.1 Franchise Expires or Terminates

Following the expiration or termination of this Agreement, including any termination in accordance with clause 35:

1. the Franchise comes to an end;
2. all rights and licenses of the Franchisee to use any of the Intellectual Property (including the Trade Name, the Trademarks and the Confidential Information) revert to Poolwerx without the need for anything else to be done; and
3. the provisions of this clause 36 apply.

36.2 Franchisee's Obligations When the Franchise Ends

At the end of the Franchise, the Franchisee must:

40.1 Parties must use Alternative Dispute Resolution

1. Poolwerx, the Franchisee and each Guarantor agree to use the Poolwerx Internal Dispute Resolution Process to resolve any dispute between the parties prior to taking any other action under this Agreement or at law.
2. The Franchisee must, on demand from Poolwerx, reimburse Poolwerx or a third party at the direction of Poolwerx, the Costs or any part of the Costs associated with a failure by the Franchisee to comply with the Poolwerx Internal Dispute Resolution Process.
3. This clause may be pleaded as a complete bar to any other legal proceedings initiated by a party, unless the Poolwerx Internal Dispute Resolution has not resolved the dispute.
4. Where the Poolwerx Internal Dispute Resolution Process has not resolved the dispute within 20 Business Days, the parties agree to use the procedure under clause 40.3(b).

40.2 Notice

A party claiming that a dispute has arisen must notify the other party in writing:

1. of the nature of the dispute;
2. what outcome the party wants; and what action the party thinks will settle the dispute, (the “**Dispute Notice**”).

40.3 Procedure

1. Following expiry of the time period specified in clause 40.1(d4), either party may refer attempt to resolve the dispute.
2. Following expiry of the time period specified in clause 40.1(d4), either party may refer the dispute to a mediator, and if the parties cannot agree on a mediator, then either party may ask the American Arbitration Association to appoint a mediator.
3. The mediator will decide the time and place for mediation.
4. The parties must attend the mediation and try to resolve the dispute.

40.4 Role of the Mediator

1. The role of the mediator is to assist in negotiating a resolution of the dispute.
2. A mediator may not make a decision that is binding on a party unless that party has so agreed in writing.

40.5 Confidentiality

Unless otherwise provided by Law or judicial order, any information or documents disclosed by a party in the mediation process, the contents of discussions during the mediation process, and any outcomes or agreement from such process:

1. must be kept confidential, which for the avoidance of doubt means, among other restrictions, that the information, documents and any

other materials cannot be disclosed to any other franchisee, the media, any other party, or on or via the internet, even if such disclosure purports to be anonymous; and

2. must only be used to attempt to resolve the dispute in accordance with the mediation process.

40.6 Costs

Each party must bear its own Costs of complying with this clause 40, and Poolwerx, on the one hand, and the Franchisee and each Guarantor, on the other hand, must bear equally:

1. the Costs of any mediator appointed under clause 40.3; and
2. the other Costs of the mediation, other than their own Costs.

40.7 Injunctive relief

Nothing in this clause 40 affects the right of a party to initiate legal proceedings to seek injunctive relief where this is necessary to prevent irreparable damage to the party making the application, or to the System, Network or any Intellectual Property.

41. Arbitration

41.41 Disputes to be Arbitrated

1. Except as set forth in clause 41.4, any controversy, claim or dispute arising out of or relating to the Franchised Business, this Agreement or its breach, including any claim that this Agreement or any part of this Agreement is invalid, illegal or otherwise voidable or void, shall be submitted to binding arbitration before and, unless otherwise provided herein, in accordance with the arbitration rules of the American Arbitration Association.
2. The arbitration shall be conducted at the Principal Office of Poolwerx by one arbitrator.
3. Notwithstanding any provision of this Agreement relating to which state Laws govern this Agreement, all issues relating to arbitrability or the enforcement of the agreement to arbitrate contained herein shall be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration.
4. No class actions or multi-plaintiff actions shall be permitted, nor shall any dispute involve more than one Franchised Business, unless the plaintiffs are all Affiliates, or all units involved in the arbitration are owned by the same owners.

41.52 Entry of Judgment

Judgment upon an arbitration award may be entered in any court having competent jurisdiction and shall be final, binding and non-appealable.

41.63 Procedures

1. The arbitration provisions of this clause 41 are self-executing and shall remain in full force and effect after the expiration or termination of this Agreement.
2. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party by default or otherwise, notwithstanding such failure to appear.

41.74 Exepected Disputes

The obligation herein shall not be binding upon either party with respect to claims relating to the Trademarks or any other Intellectual Property, or requests by any party for temporary restraining orders, preliminary injunctions or other procedures in a court of competent jurisdiction to obtain interim relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution by arbitration of the actual dispute.

42. Warranties by the Franchisee

The Franchisee warrants that:

1. all information provided to Poolwerx for consideration by Poolwerx in its decision to grant the rights under this Agreement is true and not misleading; and
2. it has disclosed to Poolwerx all facts and things about the Franchisee's management and ownership, including their respective financial positions and past business history, which may be relevant to the decision by Poolwerx to grant the rights under this Agreement.

43. Acknowledgments by the Franchisee

~~The Franchisee acknowledges and agrees that:~~

1. the success of the Franchised Business depends upon the Franchisee's own effort, and the Franchisee assumes responsibility for the success or failure of the Franchised Business; and
2. Poolwerx does not guarantee any return on amounts invested by the Franchisee in the Franchised Business, or any income or profit to the Franchisee.

44. Grant of Security

1. The Franchisee will (and will require that any other person) grant in favor of Poolwerx all security reasonably requested by Poolwerx, in a
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form satisfactory to Poolwerx, at its discretion, to secure the performance by the Franchisee of its payment and other obligations to Poolwerx under this Agreement.

2. The Franchisee will execute all documents Poolwerx may request to protect and perfect its interest in any such security.

45. Power of Attorney

45.41 Appointment

In consideration of Poolwerx entering into this Agreement and to secure performance by the Franchisee of its obligations under this Agreement, the Franchisee irrevocably appoints Poolwerx and each of its officers jointly and each of them severally to be the Franchisee's attorney-in-fact to exercise the powers described in this clause (**Attorney**).

45.52 Powers

1. The Attorney may, in the name and at the Cost of the Franchisee, do anything required to be done by the Franchisee under this Agreement which the Franchisee has not done, or has not done promptly or properly, including in the following circumstances:
 - (i) when a Default Event occurs;
 - (ii) when the conditions of clauses 6.1(b2)(iii), 6.15, 7.6(e5)(ii), 25.4(b2), 32.7(b2) and 36.5 are met;
 - (iii) in order to give effect to any decision that is binding on the parties under clause 40;
 - (iv) to perfect an interest in any security given by the Franchisee or the Guarantor to Poolwerx; or
 - (v) at the expiration or termination of the Franchise.
2. Without limitation, the Attorney may under this clause execute and deliver documents, transfers, assignments, deeds, forms, notices or other instruments.

45.63 Powers Continue Despite the Franchise's Expiration or Termination

The powers granted under this clause 45, being coupled with an interest, commence when this Agreement is executed, and continue despite the expiration or termination of this Agreement or the Franchise.

45.74 Ratification

The Franchisee:

1. ratifies and confirms anything an Attorney lawfully does under this clause 45; and
2. must pay on demand all the Costs or other liabilities incurred by or on behalf of Poolwerx or the Attorney under this clause 45.

46. Indemnity

1. The Franchisee indemnifies Poolwerx and its Affiliates, and each of their agents, officers, directors and employees (the “**Indemnified Parties**”), against all damages, losses, claims, Costs and Legal Costs incurred by the Indemnified Parties in connection with a demand, action, arbitration, or other proceeding (including mediation, compromise, out of court settlement or appeal), arising directly or indirectly as a result of, or in connection with:
 - (i) any act of Poolwerx or its officers performed as attorney for the Franchisee in accordance with the terms of this Agreement;
 - (ii) any Default Event;
 - (iii) a breach by the Franchisee of this Agreement or any Related Agreement;
 - (iv) any injury to, or loss of property of, any person in or on premises from which the Franchised Business is conducted;
 - (v) the Franchisee’s taxes, liabilities or Costs in connection with the Franchised Business;
 - (vi) any negligent or willful act or omission of the Franchisee, its employees, agents, servants, contractors or others for whom the Franchisee is legally responsible; ~~and~~
 - (vii) any actual or alleged claim that Poolwerx and the Franchisee are joint employers of any of the Franchisee’s employees or personnel; and
 - (viii) any warranty, promise or representation made by the Franchisee or any employee, agent, or other person acting on the Franchisee’s behalf.
2. The rights of Poolwerx at Law and under this Agreement, including the expiration or termination of the Franchise indemnified under this clause, are not affected by:
 - (i) Poolwerx accepting the Franchisee’s repudiation of this Agreement; or
 - (ii) any other matter, fact or thing.

47. Changes in Laws

47.41 Taxes and Charges

The parties agree that if any Laws are changed, new Laws are introduced, or any court or relevant authority interpret Laws differently, which results in Poolwerx having to pay a tax, duty, excise or levy (impost) on:

1. amounts received from the Franchisee under this Agreement (other than income tax); or
2. goods or services supplied by Poolwerx under this Agreement, then, the Franchisee must pay to Poolwerx an additional amount so that Poolwerx receives the equivalent amount that it would have received absent such tax, duty, excise or levy (impost).

47.52 Amend Agreement to Comply with Future Laws

The parties agree that if any Laws are changed, or new Laws introduced or any court or relevant authority publishes or issues any statement, rules, code or requirement, which in the opinion of Poolwerx or its attorneys, renders or is likely to render all or part of this Agreement unenforceable, illegal or void, the parties will immediately amend this Agreement and do all things (including executing documents) necessary or desirable to ensure that this Agreement is not unenforceable, illegal or void.

48. General Provisions

48.41 Parties

1. If a party consists of more than one person, this Agreement binds each of them separately and any 2 or more of them jointly.
2. A right, obligation, representation or warranty in favor of more than one person is for the benefit of them separately and jointly.

48.52 Relationship of Parties

1. Nothing in this Agreement constitutes or creates a partnership, joint venture, agency or any form of fiduciary relationship between the Franchisee and Poolwerx.
2. Neither party has the power to bind any other party except as authorized by this Agreement.
3. Poolwerx and the Franchisee are not joint employers of the Franchisee's employees and other personnel. Poolwerx does not and will not share or codetermine any of the Franchisee's employees' essential terms and conditions of employment. More specifically, in no case does Poolwerx have any authority to determine or set the Franchisee's employees': (1) wages, benefits, and other compensation; (2) hours of work and scheduling; (3) the assignment of duties to be performed; (4) the supervision of the performance of duties; (5) work rules and directions governing the manner, means, and methods of the performance of duties and the grounds for discipline; (6) the tenure of employment, including hiring and discharge; and/or (7) working conditions related to the safety and health of employees. The Franchisee alone has sole

authority to determine any or all the Franchisee's employees' essential terms and conditions of employment.

48.63 Force Majeure

1. If a party (**Affected Party**):
 - (i) is prevented from or delayed in performing an obligation (other than to pay money) by a Prescribed Event; and
 - (ii) promptly and diligently acts to mitigate or remove the Prescribed Event and its effect,then such obligation is suspended during the period the Prescribed Event continues, and for such further period as is reasonable in the circumstances.
2. For the purposes of clause 48.3(a), a "**Prescribed Event**" means any of the following:
 - (i) an act of God;
 - (ii) war, riot, insurrection, vandalism or sabotage;
 - (iii) strike, lockout, ban, limitation of work or other industrial disturbance;
 - (iv) a change in, or the introduction of a new, Law, rule or regulation of any government or governmental agency, or any executive or administrative order or act of general or particular application;
 - (v) explosion;
 - (vi) power shortage; or
 - (vii) breakdown of plant, machinery or equipment,which is unforeseen or beyond the control of the Affected Party, and occurs without the fault or negligence of the Affected Party.
3. Nothing in clause 48.3(a)(ii) obliges the Affected Party to settle any strike, lockout, ban, limitation of work or other industrial dispute.

48.74 Notices

1. A notice or other communication connected with this Agreement (**Notice**) has no legal effect unless it is in writing.
2. In addition to any other method of service provided by Law, the Notice may be:
 - (i) sent by prepaid post to the address of the addressee as set out in this Agreement, or as subsequently notified by the addressee to the other parties in writing;
 - (ii) sent by facsimile to the facsimile number of the addressee;
 - (iii) delivered at the address of the addressee as set out in this Agreement, or as subsequently notified by the addressee to the other parties in writing;

- (iv) sent by email to the email address of the addressee; or
 - (v) sent by overnight courier by a recognized courier service.
3. A Notice will be deemed as given and received:
- (i) if sent by post, on the second Business Day (at the address to which it is posted) after posting; or
 - (ii) if otherwise sent or delivered in a manner provided by clause 48.4(b) before 5:00 pm on a Business Day at the place of delivery, upon delivery, and otherwise on the next Business Day at the place of receipt.
4. Notwithstanding clause 48.4(e3), a Notice sent by facsimile is not treated as given or received unless at the end of the transmission the sender's facsimile machine issues a report confirming the transmission of the number of pages in the Notice.
5. A Notice sent or delivered in a manner provided by clause 48.4(b2) must be treated as validly given to, and received by, the party to which it is addressed even if:
- (i) the addressee has been liquidated or deregistered, or is absent from the place at which the Notice is delivered or to which it is sent; or
 - (ii) the Notice is returned unclaimed.
6. Any Notice by a party may be given and signed by its attorney.
7. Any Notice to a party may be given to its attorney by any of the means listed in clause 48.4(b).

48.85 Severability

If anything in this Agreement is unenforceable, illegal or void then it is severed from this Agreement, and the rest of this Agreement remains in force.

48.96 Entire Understanding

Subject to the provisions of any other written agreement entered into and approved by Poolwerx, and to which Poolwerx and the Franchisee are parties, this Agreement and the Disclosure Document:

- 1. are the entire agreement and understanding between the parties on everything connected with the subject matter of this Agreement; and
- 2. supersede any prior agreement or understanding on anything connected with that subject matter.

48.107 Amendment

An amendment or variation to this Agreement is not effective unless it is in writing and signed by Poolwerx and the Franchisee.

48.118 Waiver

- 1. A party's failure or delay to exercise a power or right does not operate as a waiver of that power or right.

2. The exercise of a power or right does not preclude either its exercise in the future or the exercise of any other power or right.
3. A waiver is not effective unless it is in writing.
4. Waiver of a power or right is effective only in respect of the specific instance to which it relates and for the specific purpose for which it is given.

48.129 Further Assurance

Each party must promptly at its own Cost do all things (including executing all documents) necessary or desirable to give full effect to this Agreement.

48.130 Governing Law and Jurisdiction

1. The Law of the state of where Poolwerx has its Principal Office on the Date of Agreement governs this Agreement without regard to that state's choice-of-law rules.
2. The parties submit to the exclusive jurisdiction of the courts of the state where Poolwerx has its Principal Office on the date any proceeding is commenced by or against the Franchisee (both State and Federal courts, where applicable in the Jurisdiction).

48.141 Non-merger

Each obligation which expressly survives or is capable of surviving the expiration or termination of the Franchise or this Agreement continues in force notwithstanding the expiration or termination of the Franchise or this Agreement.

48.152 Time of the Essence

Unless otherwise provided herein or in writing signed by the parties, time is of the essence of this Agreement.

48.163 Execution of Counterparts; Electronic Signatures

This Agreement may be executed electronically (including by DocuSign or equivalent) or by original signature in any number of counterparts and each counterpart is an original, but the counterparts together are one and the same agreement. The counterparts may also be exchanged electronically. The Franchisee agrees that the electronic signatures or digital signatures (each an "e-Signature") of any party to this Agreement shall have the same force and effect as manual signatures of such party and such e-Signature shall not be denied legal effect or enforceability solely because it is in electronic form or an electronic record was used in its formation. The parties agree that an e-Signature of either party is intended to: (i) authenticate the signature, (ii) represent the party's intent to sign, and (iii) constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party agrees not to contest the admissibility or enforceability of either party's e-Signature. For the purposes of this Agreement, e-signature means, without limitation, an electronic act or acknowledgement (e.g., clicking an "I Accept" or similar button), sound, symbol (digitized signature block), or process attached to or logically associated

with a record and executed or adopted by a person with the intent to sign the record.

48.174 Grossing up

If any gross receipts tax or other tax (but excluding any tax based upon the income of Poolwerx) is imposed or assessed on the Franchise Fees or Marketing Fees that the Franchisee is obligated to pay to Poolwerx, the amount of the Franchise Fees or Marketing Fees shall be increased (**Grossed Up**) so that the amount received by Poolwerx, after payment of such tax, shall equal the stated amount that would have been paid to Poolwerx absent such imposed or assessed tax.

48.185 Special Conditions

1. Any conditions set out in Item 20 of Schedule 1 form part of this Agreement.
2. If there is any inconsistency between a provision of the Special Conditions and a provision of this Agreement, the provision of the Special Conditions prevails to the extent of the inconsistency.

49. Executive Order 13224

The Franchisee acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (**Order**), Poolwerx is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in, acts of terrorism, as defined in the Order. Accordingly, the Franchisee represents and warrants to Poolwerx that, as of the date of this Agreement, neither the Franchisee nor any person holding any ownership interest in the Franchisee, controlled by the Franchisee, or under common control with the Franchisee is designated under the Order as a person with whom Poolwerx may not be able to conduct business, and that the Franchisee: (i) does not, and hereafter will not, engage in any terrorist activity; (ii) is not affiliated with and does not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or Entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

[SIGNATURE LINES APPEAR AT END OF DOCUMENT]

Schedule 1 – Particulars

Item	Matter	Details
Item 1	Date of Agreement	The date this Agreement is signed by the last party to sign it.
Item 2	Franchisee	[insert]
Item 3	Guarantor(s)	[insert]
Item 4	Manager	[insert]
Item 5	Commencement Date	[insert]
Item 6	Trade Name	[insert]
Item 7	Marketing Area	[insert]
Item 8	Premises	[insert]
Item 9	Jurisdiction	[insert]
Item 10	Initial Franchise Fee	[insert]
Item 11	Fees a Commencement Date	(a) Franchise Fees: 7% of Gross Revenue (b) Marketing Fees: 3% of Gross Revenue
		(e) Hold-Over Period: Where the Franchisee operates in any Hold-Over Period pursuant to <u>Section Claus I</u> 3.6 of the Franchise Agreement, the sum of the Franchise Fees that would be otherwise payable will be increased by an additional 1% of Gross Revenue.
		(d) Payment Terms: The Franchise Fees and Marketing Fees are payable in arrears on the 15 th day of each and every month of the Term or as otherwise specified in the Operations Manual or by Poolwerx from time to time.
		(e) Review of Franchise Fees and Marketing Fees: Poolwerx may unilaterally review the amount of the Franchise Fees and Marketing Fees each Financial Year and adjust them to amounts below the stated amounts in this Agreement, and set specific performance-based thresholds for any such adjustments. All such adjustments will be communicated via the Operations Manual, and are made at Poolwerx’s sole discretion.
		(c) Regional Area Marketing Fee: \$1,650 per annum (as adjusted annually by the CPI Increase) for each Marketing Area.
		(d) Local Area Marketing Obligation: 1% of Gross Revenues.
		(e) Convention Fee: \$3,525 per annum (as adjusted annually by the CPI Increase, and by Poolwerx having regard to costs associated with that year’s venue).
Item 12	Technology Fee	Currently, the greater of 2% of Gross Revenue, or \$250 per month. The Technology Fee may be increased or decreased by Poolwerx in

		its sole discretion on an annual, calendar year basis Fees are based on the greater of (a) a fixed price as notified annually by Poolwerx and payable on a per month basis; or (b) a percentage of Gross Revenue. Gross Revenue may be adjusted annually based on the CPI increase
Item 13	Opening Promotional Amount (Grand Opening Advertising)	Currently a minimum of \$12,000 for grand opening advertising and promotion of Mobile Unit and a further \$18,000 for grand opening advertising and promotion of a Retail Location.
Item 14	Transfer Fee	<p>The Transfer Fee is the aggregate of the following amounts:</p> <ul style="list-style-type: none"> ● \$5,125 (as adjusted annual by the CPI Increase) if the Franchised Business is to be transferred to an existing Franchised Business; or ● \$12,300 (as adjusted annual by the CPI Increase) if the Franchised Business is to be transferred to a new Franchised Business, <p>PLUS</p> <ul style="list-style-type: none"> ● All Costs and Legal Cost incurred by Poolwerx in connection with the Transfer.
Item 15	Renewal Fee	<p>The Renewal Fee is the aggregate of:</p> <ul style="list-style-type: none"> ● \$12,300 (as adjusted annually by the CPI Increase) for renewal of the Franchised Business conducted by the Franchisee under this Agreement. <p>PLUS</p> <ul style="list-style-type: none"> ● All Costs and Legal Costs incurred by Poolwerx in connection with any renewal of this Agreement.
Item 16	Not Used Additional Service Fee	<u>Curently not used.</u>
Item 17	Initial Term	10 years from the Commencement Date.
Item 18	Renewal Term	10 years commencing on the expiration of the Initial Term.
Item 19	Optional Third Term	10 years commencing on the expiration of the Renewal Term.
Item 20	Special Conditions	N/A .

6.5 Regional Area Marketing Fee

The Franchisee is not required to pay a Regional Area Marketing Fee in relation to its operations in the Loan Area.

7. Other Requirements

7.1 Use Loan Area Identifiers

The name of the Loan Area, Poolwerx domain name, email address, mobile number and national client “1800 number” must be included on all letterheads, invoices, statements, stationery and pump stickers used or distributed in the Loan Area.

7.2 Reporting

- (a) The Franchisee’s reporting obligations contained in clause ~~21~~22 of the Agreement apply in relation to the operation of the Franchised Business in the Loan Area.
- (b) The Franchisee must ensure that all reports that relate to the Loan Area are kept separate from the reports required for the Marketing Area.

7.3 Client Lists

- (a) The Franchisee’s obligations regarding its Clients' details and records contained in clause ~~22~~23 of the Agreement apply in relation to the Loan Area Clients.
- (b) In addition, the Franchisee must also deliver to Poolwerx, as and when required by Poolwerx, complete Client lists and records, and files in respect of the Loan Area Clients, including on or before the 30th day of June and 31st day of December of each year.

8 Restraint

In consideration of Poolwerx granting the Franchisee the Loan Area on the Terms and Conditions, the Franchisee and each Guarantor agree:

- (a) to observe the restraints of trade specified in clause 31 as they relate to the Loan Area; and
- (b) that each of the restraints imposed upon the Franchisee and each Guarantor in relation to the Loan Area is fair and reasonable and is no greater than necessary to protect the goodwill of Poolwerx and the legitimate commercial interests of Poolwerx and the Network.

[SIGNATURE PAGE FOLLOWS]

Poolwerx Franchise Management LLC

PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Poolwerx Franchise Management LLC (“**Franchisor**”) to enter into a Franchised Business Agreement (the “**Franchise Agreement**”) by and between Franchisor and the Franchisee named in the Franchise Agreement to which this Payment and Performance Guarantee (the “**Guarantee**”) is attached (“**Franchisee**”), the undersigned (collectively referred to as the “**Guarantors**” and individually referred to as a “**Guarantor**”) hereby covenant and agree as follows:

1. **Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee to Franchisor, and Franchisor’s affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to Franchisor or Franchisor’s affiliates, as applicable, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or otherwise, together with any extension, renewal, or modification thereof in whole or in part (the “**Guaranteed Liabilities**”). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys’ fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. **Waivers by Guarantors.** The Guarantors waive presentment, demand, notice of dishonor, protest, and all other notices whatsoever, including without limitation notices of acceptance hereof, of the existence or creation of any Guaranteed Liabilities, of the amounts and terms thereof, of all defaults, disputes, or controversies between Franchisor and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and will be enforceable without Franchisor having to proceed first against Franchisee or against any or all of the Guarantors or against any other security for the Guaranteed Liabilities. This Guarantee will be effective regardless of the insolvency of Franchisee by operation of law, any reorganization, merger, or consolidation of Franchisee, or any change in the ownership of Franchisee.

3. **Term: No Waiver.** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until the later of (i) such time as all Guaranteed Liabilities of Franchisee to Franchisor and Franchisor’s affiliates, as applicable, have been paid and satisfied in full, or (ii) the Franchise Agreement and all obligations of Franchisee thereunder expire. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

4. **Other Covenants.** Each of the Guarantors agrees to comply with the provisions of [Sections](#)[Claues](#) 17 (Vehicle), 20 (The Premises Where a Franchise Request to Operate a Retail Location), 24. (Intellectual Property), 26. (Confidential Information), 31. (Protection of the Goodwill of Poolwerx) and 46. (Indemnity) of the Franchise Agreement as though each such Guarantor were the Franchisee named in the Franchise Agreement and agrees that the undersigned must take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and must not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

5. **Dispute Resolution.** [Section](#)[Clause](#) 41 (Arbitration) of the Franchise Agreement is hereby incorporated herein by reference and will be applicable to any and all disputes between Franchisor and any of the Guarantors, as though Guarantor were the Franchisee referred to in the Franchise Agreement.

STATE-REQUIRED ADDENDA TO FRANCHISE AGREEMENT

ADDENDUM TO POOLWERX FRANCHISE MANAGEMENT LLC FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE OF CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

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.

1. Item 3 is amended to reflect that:

Neither we nor any person or broker identified in Item 2 of the Franchise Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

2. Item 5 is amended to reflect that:

The Department has determined that ~~we, either~~ the franchisor, ~~have~~ has not demonstrated ~~we are it~~ is adequately capitalized ~~and/or~~ that ~~we the franchisor~~ must rely on franchise fees to fund ~~our~~ operations. The Commissioner has imposed a ~~fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening requirement for the franchisor to maintain a surety bond in the amount of \$120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations and to you are to open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open your franchised business.~~

3. Item 6 is amended to reflect that the maximum interest rate allowed in California is 10%.

4. Item 17 is amended by the addition of the following statements:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The California Corporations Code, Section 31125, requires that we give you a disclosure document, approved by the Department of Corporations, before we solicit a proposed material modification of an existing franchise.

The Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws and forum of Delaware. This provision may be unenforceable under California Law.

~~The Franchise Agreement requires you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). California Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).~~

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.

5. 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 AT LEAST 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.
6. OUR WEB SITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEB SITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dpfi.ca.gov.
7. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business 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. 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.

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA**

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC, a Delaware limited liability company (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 et. seq., and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 et. seq. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

b. The Department has determined that ~~we, either~~ the franchisor, ~~have~~ has not demonstrated ~~we are~~ it is adequately capitalized ~~and/or~~ that ~~we~~ the franchisor must rely on franchise fees to fund ~~our~~ operations. The Commissioner has imposed a ~~fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening requirement for the franchisor to maintain a surety bond in the amount of \$120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations and to you are to open for business. For California franchisees who sign a development agreement, the payment of the development and initial fees attributable to a specific unit in your development schedule is deferred until that unit is open.~~ your franchised business.

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

d. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

e. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

f. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

g. Under California law, the maximum interest rate that may be charged is 10%.

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

Illinois law governs the Franchise Agreements.

The following information applies to franchisors and franchisees subject to the Illinois Disclosure Act of 1987. Item numbers correspond to those in the main body:

a. Item 17 - Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

b. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.

c. Item 17 - Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

d. Item 5 and Cover Page - The following statement is added to the Cover Page and Item 5:

~~All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre opening obligations under the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.~~

The Illinois Attorney General's Office has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Illinois Attorney General's Office has imposed a requirement for the franchisor to maintain a surety bond in the amount of \$120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO
POOLWERX FRANCHISE MANAGEMENT LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

The Franchise Agreement between POOLWERX FRANCHISE MANAGEMENT LLC (“Franchisor”) and _____ (“Franchisee”) dated _____ (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “State Addendum”):

ILLINOIS LAW MODIFICATIONS

1. Illinois law governs the Franchise Agreements.

2. The Illinois Attorney General’s Office requires that certain provisions contained in franchise documents be amended to be consistent with Illinois law, including the Franchise Disclosure Act of 1987, 515 ILCS 705/1 et. seq. To the extent that this Agreement contains provisions that are inconsistent with the following, such provision are hereby amended:

a. Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

c. Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise disclosure Act or any other law of Illinois is void.

d. ~~All initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.~~ The Illinois Attorney General’s Office has determined that either the franchisor has not demonstrated it is adequately capitalized or that the franchisor must rely on franchise fees to fund operations. The Illinois Attorney General’s Office has imposed ~~this deferral~~ requirement ~~due to Franchisor’s financial condition.~~ for the franchisor to maintain a surety bond in the amount of \$120,000 during the registration period, which is available for you to recover your damages in the event the franchisor does not fulfill its obligations to you to open your franchised business.

e. Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise disclosure act.

3. No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the Franchisee on behalf of itself and its owners, acknowledges that it has read and understands the contents of this State Addendum, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this State Addendum and be bound thereby. The parties have duly executed and delivered this State Addendum to the Agreement on the date first set forth above.

**POOLWERX FRANCHISE MANAGEMENT
LLC**, a Delaware limited liability company

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT I
STATE EFFECTIVE DATES AND RECIEPTS

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Applicable
Illinois	Pending
Indiana	May 1, 2025 Pending
Maryland	Not Applicable Pending
Michigan	May 2, 2025 Pending
Minnesota	May 22, 2025 Pending
New York	Pending
North Dakota	May 1, 2025 Pending
Rhode Island	Not Applicable
South Dakota	May 1, 2025
Virginia	Pending
Washington	Pending
Wisconsin	May 1, 2025 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 POOLWERX FRANCHISE MANAGEMENT, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require 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 POOLWERX FRANCHISE MANAGEMENT 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, DC 20580 and the state agency listed on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise: Blake Overduin, Darlene Viering and Jeffrey Powell, each at 4801 Spring Valley Road, Suite 103A, Farmers Branch TX 75244 and (480) 854-2782, and the following persons (if applicable):

Issuance date: May 1, 2025, as amended December 1, 2025

Exhibit A:	Franchise Agreement and State-Required Addenda
Exhibit B:	Financial Statements
Exhibit C:	State Administrators and Agents for Process of Service
Exhibit D:	Manual Table of Contents
Exhibit E:	Current Franchisees and Former Franchisees
Exhibit F:	Form of General Release
Exhibit G:	Form of Nondisclosure and Noncompetition Agreement for Franchisees' Employees and Independent Contractor
Exhibit H:	Lease Addendum
Exhibit I:	State Effective Dates and Receipts

POOLWERX FRANCHISE MANAGEMENT, LLC authorizes the respective state agencies identified on Exhibit C to receive service of process for it in the particular state.

I received a disclosure document dated May 1, 2025, as amended December 1, 2025, that included the following Exhibits:

Date: _____ Signature of Prospective Franchisee

(Do not leave blank)

Proposed Location: _____

(city/state)

Print Name: _____

Please retain this copy for your records.

RECEIPT

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 POOLWERX FRANCHISE MANAGEMENT LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island require 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 POOLWERX FRANCHISE MANAGEMENT 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, DC 20580 and the state agency listed on Exhibit A.

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Exhibit H:	Lease Addendum
Exhibit I:	State Effective Dates and Receipts

Date: _____

Signature of Prospective Franchisee

(Do not leave blank)

Proposed Location: _____

(city/state)

Print Name: _____

Please retain this copy for your records.

You may return this signed receipt either by signing, dating, and mailing it to POOLWERX FRANCHISE MANAGEMENT LLC, To discuss the availability of disclosures in different formats, contact the Senior Vice President – Franchise Development at 4801 Spring Valley Road, Suite 103A, Farmers Branch, TX 75244 (Tel. (480) 854 2782) or at Franchising@poolwerx.com.

RECEIPT