

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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

ATTACHED EXHIBITS

Exhibit A	Franchise Agreement and Applicable Addenda
Exhibit B	Financial Statements
<u>Exhibit B-1</u>	<u>Financial Statements of Guarantor and Guaranty of Performance</u>
Exhibit C	Table of Contents of Brand Standards Manual
Exhibit D	State Administrators and Agents for Service of Process
Exhibit E	General Release Agreement
Exhibit F	List of Current Franchisees
Exhibit G	List of Former Franchisees
Exhibit H	Deposit Receipt
Exhibit I	Compliance Certification
Exhibit J	Confidentiality and Nondisclosure Agreement
Exhibit K	State Addenda to Disclosure Document
Exhibit L	State Effective Dates
Exhibit M	Disclosure Document Receipts

Item 20
OUTLETS AND FRANCHISEE INFORMATION

Table 1
Systemwide Outlet Summary*
For Years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	1	3	2
	2023	3	11	8
	2024	11	24	13
Company-Owned	2022	7	5	-2
	2023	5	2	-3
	2024	2	1	-1
Total	2022	8	8	0
	2023	8	13	5
	2024	13	25	12

* Please note that all Franchise Agreements executed before August 13, 2025 were entered into by our predecessor, BOTF. On July 18, 2025, all of BOTF's Franchise Agreements were assigned to BOT.

** Please note that the reporting periods for this Item 20 have been adjusted to align with our fiscal year end of April 30. Accordingly, in this Item 20:

“2022” refers to the period January 1, 2022 – December 31, 2022;

“2023” refers to the period January 1, 2023 – December 31, 2023; and

“2024” refers to the period January 1, 2024 – April 30, 2025.

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)*
For Years 2022 to 2024**

State	Year	Number of Transfers
Florida	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	0
	2024	1

Table 3
Status of Franchised Outlets*
For Years 2022 to 2024**

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations (Other Reasons)	Outlets at End of the Year
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	4	0	0	0	1	3
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
South Carolina	2022	1	2	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	1	0	0	0	1	4
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Virginia	2022	0	0	0	0	0	0	0
	2023	0	7	0	0	0	0	7
	2024	7	3	0	0	0	1	9
Total	2022	1	2	0	0	0	0	3
	2023	3	8	0	0	0	0	11
	2024	11	16	0	0	0	3	24

Table 4
Status of Company-Owned Outlets
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
South Carolina	2022	4	0	0	0	2	2
	2023	2	0	0	0	1	1
	2024	1	0	0	0	0	1
Virginia	2022	3	0	0	0	0	3
	2023	3	1	0	0	3	1
	2024	1	1	0	1	1	0

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Totals	2022	7	0	0	0	2	5
	2023	5	1	0	0	4	2
	2024	2	1	0	1	1	1

Table 5
Projected Openings as of April 30, 2025*

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	0	0	0
Alaska	0	0	0
Arizona	0	0	0
Arkansas	0	0	0
California	0	0	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	0	0	0
District of Columbia	0	0	0
Florida	9	1	0
Georgia	0	0	0
Hawaii	0	0	0
Idaho	0	0	0
Illinois	0	0	0
Indiana	0	0	0
Iowa	0	0	0
Kansas	0	0	0
Kentucky	0	0	0
Louisiana	0	0	0
Maine	0	0	0
Maryland	0	0	0
Massachusetts	0	0	0
Michigan	0	0	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	0	0	0
Montana	0	0	0
Nebraska	0	0	0
Nevada	0	0	0
New Hampshire	0	0	0
New Jersey	0	0	0
New Mexico	0	0	0
New York	0	0	0
North Carolina	1	1	0

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
North Dakota	0	0	0
Ohio	0	0	0
Oklahoma	0	0	0
Oregon	0	0	0
Pennsylvania	0	0	0
Puerto Rico	0	0	0
Rhode Island	0	0	0
South Carolina	0	0	0
South Dakota	0	0	0
Tennessee	2	1	0
Texas	5	1	0
Utah	2	1	0
Vermont	0	0	0
Virginia	3	1	0
Washington	0	0	0
West Virginia	0	0	0
Wisconsin	0	0	0
Wyoming	0	0	0
Total	22	6	0

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with our franchise system. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

Current and Former Franchisees

A list of names of all franchisees and the addresses and telephone numbers of their Centers are listed in Exhibit F to this Disclosure Document. A list of the name and last known home address and telephone number of every franchisee who has had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during fiscal year ending April 30, 2025, or who has not communicated with us within ten weeks of the date of this Disclosure Document is listed in Exhibit G to this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

Confidentiality Clauses

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the BOT Franchise System. During the last three fiscal years, BOT did not have franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Intelligent Office Franchise System. Our predecessor has entered into Termination and Release Agreements (including the confidentiality clause) within the past three years.

In the last three fiscal years, no franchisees have signed any contract, order, or settlement provision that directly or indirectly restricts a current or former franchisee from discussing his or her personal experience as a franchisee in our system with any prospective franchisee.

Franchisee Organizations

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

Item 21 FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit B contains our audited financial statements from July 18, 2025. Our fiscal year end is April 30.

The performance of BOT's obligations under the Franchise Agreement has been guaranteed by our affiliate, FP Franchising, Inc. d/b/a Fully Promoted, pursuant to a Guaranty of Performance. The audited financial statements for FP Franchising, Inc. d/b/a Fully Promoted prepared in accordance with generally accepted accounting principles for the periods ending December 31, 2024, December 31, 2023, and December 31, 2022, are attached as Exhibit B-1 along with a copy of the Guaranty of Performance. Unaudited interim financial statements of FP Franchising, Inc. for the period ending June 30, 2025 are also included in Exhibit B-1.

Item 22 CONTRACTS

The following exhibits contain proposed agreements regarding the Franchise:

Exhibit A – Franchise Agreement and Applicable Addenda

Exhibit E – General Release Agreement

Exhibit H – Deposit Receipt

Exhibit I – Compliance Certification

Exhibit J – Confidentiality and Nondisclosure Agreement

Item 23 RECEIPTS

The last two pages of this Franchise Disclosure Document, Exhibit M, are an acknowledgment of your receipt of this disclosure document. Please detach, sign, date, and return one copy of the receipt to us, acknowledging that you received this Franchise Disclosure Document. Please keep the second copy for your records.

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EXHIBIT B-1

**FINANCIAL STATEMENTS OF GUARANTOR
AND GUARANTY OF PERFORMANCE**

FP Franchising, Inc.

Audited Consolidated Financial Statements

December 31, 2024, December 31, 2023, and December 31, 2022

FP FRANCHISING, INC.

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MILBERY & KESSELMAN
CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
FP Franchising, Inc.
West Palm Beach, Florida

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of FP Franchising, Inc. (a FL corporation), which comprise the consolidated balance sheets as of December 31, 2024, December 31, 2023, and December 31, 2022, and the related consolidated statements of income and retained earnings, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FP Franchising, Inc. as of December 31, 2024, December 31, 2023, and December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

A handwritten signature in cursive script that reads "Milbery & Kesselman, CPAs".

Milbery & Kesselman, CPAs, LLC
March 12, 2025

FP FRANCHISING, INC.
Consolidated Balance Sheets
For the years ended December 31, 2024, December 31, 2023, and December 31, 2022

	2024	2023	2022
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 436,584	\$ 200,289	\$ 218,386
Marketable Securities - At Market Value	812,311	711,103	603,817
Accounts Receivable (net of Allowance for Doubtful Accounts)	980,433	606,901	518,080
Contract Assets	50,000	50,000	-
Loans Receivable - Related Companies	2,946,134	3,614,256	2,822,893
Inventory	95,775	52,455	33,891
Prepaid Expenses	113,489	71,641	39,289
Current Portion of Promissory Notes	28,257	27,332	22,854
Total Current Assets	5,462,983	5,333,977	4,259,210
Property and Equipment (net of Accumulated Depreciation)	29,015	31,304	23,733
Other Assets			
Promissory Notes, net of Current Portion	4,426	36,148	50,723
TOTAL ASSETS	\$ 5,496,424	\$ 5,401,429	\$ 4,333,666
LIABILITIES AND STOCKHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities			
Accounts Payable	\$ 627,750	\$ 716,172	\$ 457,014
Current Portion of Contract Liabilities	604,420	637,929	125,924
Accrued Expenses	849,672	492,355	483,403
Current Portion of Long Term Debt	-	3,201	3,201
Total Current Liabilities	2,081,842	1,849,657	1,069,542
Long Term Liabilities			
Long Term Debt, net of Current Portion	150,000	146,799	146,799
Contract Liabilities, net of Current Portion	33,333	-	-
Total Long Term Liabilities	183,333	146,799	146,799
TOTAL LIABILITIES	2,265,175	1,996,456	1,216,341
Commitments and Contingencies			
STOCKHOLDERS' EQUITY			
Common Stock	375,000	375,000	375,000
Retained Earnings	2,734,806	2,952,160	2,761,118
Accumulated Other Comprehensive Income (Loss)	121,443	77,813	(18,793)
TOTAL STOCKHOLDERS' EQUITY	3,231,249	3,404,973	3,117,325
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 5,496,424	\$ 5,401,429	\$ 4,333,666

See accompanying independent auditor's report and notes to financial statements

FP FRANCHISING, INC.
Consolidated Statements of Income and Retained Earnings
For the years ended December 31, 2024, December 31, 2023, and December 31, 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Income			
Franchise Fees	\$ 4,324,639	\$ 3,110,307	\$ 2,513,285
Product	996,981	722,680	431,815
Commissions	-	-	1,570
Royalties	4,269,108	4,173,832	4,118,465
Other Income	<u>22,591</u>	<u>12,594</u>	<u>20,982</u>
Total Income	9,613,319	8,019,413	7,086,117
Cost of Goods Sold	2,985,600	1,658,946	1,167,203
Gross Profit	<u>\$ 6,627,719</u>	<u>\$ 6,360,467</u>	<u>\$ 5,918,914</u>
Expenses			
Advertising	472,979	505,852	496,446
Automobile	84,047	87,892	68,470
Bad Debt	62,222	1,409	36,815
Bank Service Charges	28,500	33,741	33,921
Computer and Software	45,383	164,307	203,836
Depreciation	13,005	9,126	26,829
Dues and Subscriptions	90,464	84,711	66,671
Insurance	57,619	67,115	73,145
Leasing Costs	25,642	55,656	82,447
Licensing and Registrations	8,818	11,595	8,610
Office	75,425	110,616	88,035
Payroll	4,524,565	4,267,262	3,937,711
Postage	58,304	24,270	21,991
Professional Fees	68,205	74,771	80,680
Taxes	7,056	10,046	7,752
Telephone	8,141	55,172	73,599
Travel and Meals	<u>355,448</u>	<u>348,432</u>	<u>317,626</u>
Total Expenses	<u>5,985,823</u>	<u>5,911,973</u>	<u>5,624,584</u>
Net Income (Loss) before Other Income	<u>\$ 641,896</u>	<u>\$ 448,494</u>	<u>\$ 294,330</u>
Other Income/(Expense)			
Interest and Dividend Income	22,916	29,946	20,630
Interest Expense	(5,689)	(5,548)	(6,396)
Income Tax	(1,309)	(15,000)	(15,000)
Gain/(Loss) on Foreign Currency Exchange	11,888	(23,884)	5,477
Realized Gain/(Loss) on Investments	41,640	(3,591)	(77,533)
Other Income	-	-	-
Gain on Extinguishment of Debt	-	-	255,088
Total Other Income/(Expense)	<u>69,446</u>	<u>(18,077)</u>	<u>182,266</u>
Net Income	<u>\$ 711,342</u>	<u>\$ 430,417</u>	<u>\$ 476,596</u>
Retained Earnings, Beginning	2,952,160	2,761,118	2,284,522
Shareholder Distributions	(928,696)	(239,375)	-
Retained Earnings, Ending	<u>\$ 2,734,806</u>	<u>\$ 2,952,160</u>	<u>\$ 2,761,118</u>

See accompanying independent auditor's report and notes to financial statements

FP FRANCHISING, INC.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024, December 31, 2023, and December 31, 2022

	2024	2023	2022
Cash Flows from Operating Activities			
Net Income	\$ 711,342	\$ 430,417	\$ 476,596
Adjustments to reconcile net income to net cash provided/(used) by Operations			
Depreciation	13,005	9,126	26,829
(Increase)/Decrease in Accounts Receivable	(373,532)	(88,821)	99,760
(Increase)/Decrease in Contract Assets	-	(50,000)	-
(Increase)/Decrease in Loans Receivable	668,122	(791,363)	(626,613)
(Increase)/Decrease in Inventory	(43,320)	(18,564)	(16,906)
(Increase)/Decrease in Prepaid Expenses	(41,848)	(32,352)	(7,904)
Increase/(Decrease) in Accounts Payable	(88,422)	259,158	(182,362)
Increase/(Decrease) in Contract Liabilities	(176)	512,005	(421,218)
Increase/(Decrease) in Accrued Expenses	357,317	8,952	237,638
Cash provided/(used) by Operating Activities	1,202,488	238,558	(414,180)
 Cash Flows from Investing Activities			
Acquisition of Fixed Assets	(10,716)	(16,697)	(11,186)
Marketable Securities	(57,578)	(10,680)	65,382
Cash provided/(used) by Investing Activities	(68,294)	(27,377)	54,196
 Cash Flows from Financing Activities			
Promissory Notes	30,797	10,097	32,615
Shareholder Distributions	(928,696)	(239,375)	-
Cash provided/(used) by Financing Activities	(897,899)	(229,278)	32,615
 Increase/(Decrease) in Cash	236,295	(18,097)	(327,369)
 Beginning Balance	200,289	218,386	545,755
 Ending Balance	\$ 436,584	\$ 200,289	\$ 218,386
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for:			
Interest	\$ 5,689	\$ 5,548	\$ 6,396

See accompanying independent auditor's report and notes to financial statements

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of business – FP Franchising, Inc. (the “Company”), was incorporated in Florida on February 17, 2000 and is headquartered in West Palm Beach, Florida. During 2023, the Company changed its name and is formerly known as Embroidme.com, Inc. D.B.A. Fully Promoted. The Company sells franchises that allow the purchaser to operate a full service branded products and marketing services business that offers online marketing services, lead generation services, printed marketing materials, embroidered, screen-printed apparel and/or advertising and promotional merchandise and complete marketing campaign management for a variety of printed marketing materials.

The Company elected to be treated as a Subchapter S Corporation with the Internal Revenue Service, effective October 21, 2002. The Company has elected a year end of December 31.

Principles of consolidation - The financial statements include the operations of FP Franchising, Inc. and Franchise Real Estate, Inc. All significant intercompany transactions have been eliminated in consolidation. FP Franchising, Inc. and Franchise Real Estate, Inc. are herein after collectively referred to as “the Company.”

All foreign operations are translated to U.S. dollars at the exchange rate in effect at year-end. Income and expense items and cash flows are translated at the average exchange rate for each year.

A summary of the Company’s significant accounting policies follows:

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

Revenue recognition - Initial franchise fees are recognized as revenue when services required under the franchise agreement have been performed by the Company. Franchise royalty revenues are based on franchisees’ sales and are recognized as earned. Product and equipment revenue is recorded when legal title is transferred to the franchisee, generally when the product is shipped.

Cash concentration - The Company maintains its cash in four banks which, at times, may exceed the federally-insured limits. The Company has not experienced any loss in such accounts. The Company believes it is not exposed to any significant credit risk on such accounts.

Accounts receivable - Trade receivables are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus trade receivables do not bear interest, although a finance charge may be applied to such receivables that are more than 30 days past due.

Credit risk - The Company performs on-going credit evaluations of each franchisee’s financial condition. Accounts receivable are principally with franchises that are secured under the franchise agreements. The franchise agreements provide the Company with certain collateral, including inventory and fixed assets. Consequently, risk of loss is considered minimal.

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Inventory - Inventory is stated at the lower of cost or market value, and consists of supplies and finished goods.

Property and equipment - Property and equipment is stated at cost. Depreciation is computed by the straight-line method over the following estimated useful lives:

	<u>Years</u>
Vehicles	5
Machinery and equipment	5
Computer equipment	3.5 – 7
Software	3
Leasehold improvements	10

Long-lived assets - Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted future cash flows of the asset. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company's estimate of undiscounted cash flows indicated that such carrying amounts were expected to be recovered.

Advertising – Advertising primarily consist of the outside costs related to lead development. Advertising costs are expensed as incurred and were \$472,979 for the year ended December 31, 2024, \$505,852 for the year ended December 31, 2023, and \$496,446 for the year ended December 31, 2022.

Leases – The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company is a lessee in several month-to-month operating leases for office space. The Company determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Company recognizes a lease liability and a right of use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Company uses its incremental borrowing rate. The implicit rates of our leases are not readily determinable and accordingly, we use our incremental borrowing rate based on the information available at the commencement date for all leases. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the re-measured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Leases (continued) - The Company has elected, for all underlying class of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of twelve months or less at lease commencement, and do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise. We recognize lease cost associated with our short-term leases on a straight-line basis over the lease term.

Income taxes - The Company has elected to be taxed under sections of the federal and state income tax laws that provide that, in lieu of corporate income taxes, the shareholders separately account for their pro rata shares of the Company's items of income, deduction, losses and credits. Therefore, no provision for federal income tax is reflected in the Company's financial statements. The provision for state income taxes for 2024, 2023, and 2022 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Various State Income Taxes	\$1,309	\$15,000	\$15,000

The Company is subject to taxation in various state jurisdictions. State jurisdictions have statutes of limitations that generally range from three to five years. As of December 31, 2024, none of the Company's tax returns are under examination.

Related parties – For the purposes of these financial statements, parties are considered to be related to the Company where the Company and the party are subject to common control and/or common joint control. Related parties may be individuals or other entities.

Going concern – The Company evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern for a period of one year after the date that the financial statements are available to be issued, taking into consideration the quantitative and qualitative information regarding the Company's current financial condition, conditional and unconditional obligations due and the funds and cash flow necessary to maintain operations within that time period. Based on management's evaluation, the Company will be able to continue in operation on a going concern basis for at least the next twelve months from the date these financial statements were available to be issued.

Date of management's review – Management evaluated events or transactions subsequent to the balance sheet date for potential recognition or disclosure in the financial statements through March 12, 2025, which is the date the financial statements were available for issuance.

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 2 Accounts Receivable

Accounts receivable at December 31, 2024, 2023, and 2022 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Franchise fees receivable	\$ 1,036,577	\$ 641,966	\$ 555,709
Allowance for doubtful accounts	<u>(56,144)</u>	<u>(35,065)</u>	<u>(37,629)</u>
	<u>\$ 980,433</u>	<u>\$ 606,901</u>	<u>\$ 518,080</u>

The bad debt deducted for the year ended 2024 was \$62,222. The bad debt deducted for the year ended 2023 was \$1,409. The bad debt benefit for the year ended 2022 was \$36,815.

Note 3 Cash and Cash Equivalents

The Company maintains cash balances at four financial institutions. Accounts at the United States institutions are insured by the Federal Deposit Insurance Corporation for up to \$250,000. Accounts at the Australian institution are insured by the Financial Claims Scheme for up to 250,000 AUD. At December 31, 2024, the Company had uninsured cash balances amounting to \$47,493. At December 31, 2023, the Company had uninsured cash balances amounting to \$0. At December 31, 2022, the Company had uninsured cash balances amounting to \$0.

Note 4 Property and Equipment

Property and equipment as of December 31, 2024, 2023, and 2022 consisted of the following:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Computers and software	\$ 353,025	\$ 342,816	\$ 326,024
Less: accumulated depreciation	<u>(324,010)</u>	<u>(311,512)</u>	<u>(302,291)</u>
	<u>\$ 29,015</u>	<u>\$ 31,304</u>	<u>\$ 23,733</u>

Depreciation as of December 31, 2024 is \$13,005.

Note 5 Promissory Notes

The Company has promissory notes receivable with various franchisees; the notes bear interest at rates of 0% to 5% per annum, and are amortized over periods of 1 to 5 years. On promissory notes bearing an interest rate below market, imputed interest is calculated and the note value is discounted.

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 6 Long Term Debt

On July 20, 2020, the Company executed a promissory note for \$150,000 under the Economic Injury Disaster Loans (“EIDL”) authorized by the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”). The loan bears an interest rate of 3.75% per annum and matures thirty years from the date of the note (July 2050). Under the loan agreement, the monthly payment of principal and interest is \$731 beginning twenty four months from the date of the note. As of December 31, 2024, the outstanding principal amount of the note payable was \$150,000.

Future minimum principal payments on the long term debt as of December 31, 2024 are as follows:

For the year ending December 31,

2025	\$	0
2026		0
2027		3,202
2028		3,324
2029		3,451
Thereafter		<u>140,023</u>
Total		<u>\$ 150,000</u>

Note 7 Leases

The Company has obligations as a lessee for office space with initial term of less than one year. The Company classified these lease as operating leases. These leases generally contain renewal options for periods ranging from one to five years. Because the Company is not reasonably certain to exercise these renewal options, the optional periods are not included in determining the lease term, and associated payments under these renewal options are excluded from lease payments. The Company’s leases do not include termination options for either party to the lease or restrictive financial or other covenants. Payments due under the lease contracts include fixed payments.

The components of leasing costs for the period ended December 31, 2024 are as follows:

Short Term Leasing Costs	<u>\$ 25,642</u>
--------------------------	------------------

Note 8 Revenue Recognition in Accordance with FASB ASC 606

Contract balances

Contract balances from contracts with customers were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Contract assets	\$ 50,000	\$ 50,000	\$ -
Contract liabilities	637,753	637,929	125,924

The accompanying independent auditor’s report should be read with these notes

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 8 Revenue Recognition in Accordance with FASB ASC 606 (continued)

Disaggregation of revenue

The Company derives its revenues primarily from the sale of franchises. Revenue from performance obligations satisfied at a point in time consists of franchise fees, royalties, and other income. Revenue from performance obligations satisfied over time consists of the sale of master licenses and renewal franchise fees.

Performance obligations

For performance obligations related to the franchise fees, control transfers to the customer at a point in time. Revenues are recognized when the franchisee training is completed and the equipment is delivered.

For performance obligations related to royalties and other income, control transfers to the customer at a point in time. Royalty revenues are recognized monthly based on the monthly sales from the franchisees.

For performance obligations related to master licenses and renewal franchise fees, control transfers to the customer over time. Revenues are recognized over the term of the contract.

Significant judgments

The Company sells franchises for an agreed upon contract amount. For fixed fee contracts, the Company is entitled to payment upon signing of the franchise agreement and recognizes the revenues when the performance obligations have been met.

Note 9 Transactions with Related Parties

The Company reimburses and receives reimbursements to and from Related Parties, for certain operating expenses, including home office rent, payroll, and other administrative expenses. For the year ending December 31, 2024, related party balances included loans receivable of \$2,946,134. December 31, 2023, related party balances included loans receivable of \$3,614,256. For the year ending December 31, 2022, related party balances included loans receivable of \$2,822,893.

Note 10 Gain on Extinguishment of Debt

United Franchise Group Payroll Inc (UFGP), a related party, administers all payroll for the related entities. Payroll is allocated to each entity based on actual hours worked for each related entity. On January 31, 2021, UFGP was granted a loan from First American Bank, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act. The loan was allocated to the related entities based on the payroll allocation for the 2021 year. The loan allocation for the Company was \$255,088. UFGP applied for and was granted loan forgiveness on June 6, 2022 for the entire amount of the loan in eligible expenditures for payroll and other expenses described in the CARES Act. Loan forgiveness has been granted and therefore reflected in Other Income in the accompanying Consolidated Statement of Income and Member's Equity as of December 31, 2022.

The accompanying independent auditor's report should be read with these notes

FP Franchising, Inc.

Notes to Consolidated Financial Statements

Note 11 Litigation

From time to time, the Company is involved in litigation, most of which is incidental and normal to its business. In the opinion of Company counsel, no litigation to which the Company currently is a party is likely to have a material adverse effect on the Company's results of operations, financial condition or cash flows.

Note 12 Commitments and Contingencies

The Company is not contingently liable for lease obligations for regional offices.

As of December 31, 2024 the Company is contingently liable in the amount of \$7,435,544 as a guarantor of mortgages payable and \$275,000 on the revolving credit line, to First American Bank for its affiliate Sign*A*Rama Inc.

As of December 31, 2023 the Company is contingently liable in the amount of \$7,875,317 as a guarantor of mortgages payable and \$1,300,000 on the revolving credit line, to First American Bank for its affiliate Sign*A*Rama Inc.

As of December 31, 2022 the Company is contingently liable in the amount of \$7,438,091 as a guarantor of mortgages payable and \$1,700,000 on the revolving credit line, to First American Bank for its affiliate Sign*A*Rama Inc.

Note 13 Fair Value

Financial Accounting Standards Board (FASB) ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The Company adopted changes made by Accounting Standards Update (ASU) 2011-04, Fair Value Measurement (Topic 820) Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs, which expands the disclosures, required for fair value accounting and clarifies the measurement of fair value when used in valuing certain assets and liabilities.

Note 13 Fair Value (continued)

Fair value measurements are segregated into those that are recurring and nonrecurring. Recurring fair value measurements of assets and liabilities of those that are required or permitted in the statement of financial position at the end of each reporting period related to assets such as trading securities, securities available for sale, and private venture-capital equity investments.

Nonrecurring fair value measurements of assets and liabilities are required or permitted in the statement of financial position in particular circumstances such as when the company measures long-

FP Franchising, Inc.

Notes to Consolidated Financial Statements

lived assets and goodwill for impairment, or assets and liabilities of business combination recorded at fair value at the acquisition date.

The three levels of inputs in the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include: a) quoted prices for similar assets or liabilities in active markets, b) quoted prices for identical or similar assets and liabilities in active markets, c) inputs other than quoted prices that are observable for the asset or liability, and d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair Value Measurement at December 31, 2024

	Total Carrying Amount 12/31/24	Fair Value Estimate 12/31/24	Assets or Liabilities Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Inputs Other than Quoted Prices that are Observable (Level 2)	Significant Unobservable Inputs (Level 3)
Trading Securities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equity Securities - Other	812,311	812,311	812,311	812,311	-	-
Total Trading Securities	<u>\$ 812,311</u>	<u>\$ 812,311</u>	<u>\$ 812,311</u>	<u>\$ 812,311</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying independent auditor's report should be read with these notes

UNAUDITED FINANCIAL STATEMENTS

THE FOLLOWING FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

FP FRANCHISING, INC.
Consolidated Balance Sheet
As of June 30, 2025

	6/30/2025
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 326,637
Marketable Securities - At Market Value	887,755
Accounts Receivable (net of Allowance for Doubtful Accounts)	2,492,532
Loans Receivable - Related Companies	2,335,030
Inventory	78,808
Prepaid Expenses	72,739
Promissory Notes - Current Portion	
Total Current Assets	6,193,501
Intangible Assets (net of accumulated amortization)	9,887
Property and Equipment (net of accumulated depreciation)	12,243
Other Assets	
Security Deposits	
Promissory Notes	16,288
Total Other Assets	16,288
TOTAL ASSETS	6,231,918
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
Current Liabilities	
Accounts Payable - Trade	2,077,762
Accrued Expenses	588,527
Total Current Liabilities	2,666,289
Long Term Liabilities	
Notes Payable	155,612
Total Long Term Liabilities	155,612
TOTAL LIABILITIES	2,821,901
STOCKHOLDERS' EQUITY	
Common Stock	375,000
Retained Earnings	2,973,214
Accumulated Other Comprehensive Income	61,803
TOTAL STOCKHOLDERS' EQUITY	3,410,017
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,231,918

0.00

FP FRANCHISING, INC.
Consolidated Statement of Income and Retained Earnings
For the years ended June 30, 2025

	6/30/2025
Income	
Franchise Fees	\$3,097,616.13
Product	466,314
Commissions	-
Royalties	2,067,692
Other Income	21,608
Total Income	5,653,229
 Cost of Goods Sold	 1,844,836
 Gross Profit	 \$ 3,808,393
Expenses	
Advertising	303,307
Amortization	5,613
Automobile	48,243
Bad Debt	26,410
Bank Service Charges	16,874
Computer and Software	36,175
Depreciation	1,872
Dues and Subscriptions	23,396
Insurance	29,656
Licensing and Registrations	4,985
Office	36,320
Payroll	2,596,955
Postage	4,676
Professional Fees	74,505
Rent	21,041
Taxes	870
Telephone	37,071
Travel and Meals	223,853
Total Expense	3,491,823
 Net Income before Other Income/(Expense)	 \$ 316,570
Other Income/(Expense)	
Interest Income and Dividend Income	8,424
Interest Income	306
Interest Expense	(3,027)
Gain/(Loss) on Foreign Currency Exchange	(19,598)
Realized Gain/(Loss) in Investments	7,779
Total Other Income/(Expense)	(6,115)

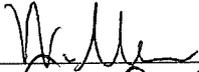
Net Income	\$	310,455
Retained Earnings, Beginning		3,905,040.46
Shareholder Distributions		(1,240,615.20)
Retained Earnings, Ending		<u>2,974,880</u>
Other Comprehensive Income		
Unrealized Gain/(Loss) on Marketable Securities	\$	<u>61,803</u>

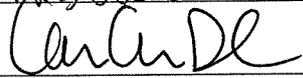
GUARANTY OF PERFORMANCE

For value received, FP Franchising, Inc., a corporation duly existing and organized under the laws of the State of Florida (the "Guarantor"), located at 2121 Vista Parkway, West Palm Beach, FL 33411, absolutely and unconditionally guarantees to assume the duties and obligations of BOT Franchising, LLC, a Florida limited liability company ("Franchisor"), located at 2121 Vista Parkway, West Palm Beach, FL 33411, under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025-26 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

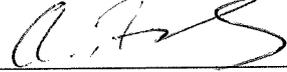
In witness whereof, guarantor has, by a duly authorized officer, executed this guaranty at West Palm Beach, Florida, this 15th day of September, 2025.

ATTEST:





FP Franchising, Inc. (Guarantor)

By: 

Name: Andrew Titus
Title: President

DISCLOSURE DOCUMENT 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 BOT Franchising, 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 or sooner if required by applicable state law.

New York and Rhode Island Laws 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 and Oregon require 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 BOT Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580, or your state agency listed in Exhibit D.

The franchisor is BOT Franchising, LLC, located at 2121 Vista Parkway, West Palm Beach, FL 33411. Its telephone number is (561) 640-5570.

Issuance Date: August 13,2025

Franchise Seller: Michael White and/or the Sales Agent(s) listed below, BOT Franchising, LLC, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

I have received a disclosure document issued August 13,2025 that included the following Exhibits:

- | | |
|---|--|
| A. Franchise Agreement and Applicable Addenda | F. List of Current Franchisees |
| B. Financial Statements | G. List of Former Franchisees |
| <u>B-1. Financial Statements of Guarantor and Guaranty of Performance</u> | H. Deposit Receipt |
| C. Table of Contents of Brand Standards Manual | I. Compliance Certification |
| D. State Administrators and Agents for Service of Process | J. Confidentiality and Nondisclosure Agreement |
| E. General Release Agreement | K. State Addenda to Disclosure Document |
| | L. State Effective Dates |
| | M. Disclosure Document Receipts |

DATE: _____
(Do not leave blank)

Print Sales Agent(s) Name(s)

Prospective Franchisee Signature

Prospective Franchisee Printed Name

Prospective Franchisee Signature

Prospective Franchisee Printed Name

Corporate Name: (if applicable)

By: _____
Authorized Corporate Officer Signature

Printed Corporate Officer Name / Title

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Issuance Date: August 13,2025

Franchise Seller: Michael White and/or the Sales Agent(s) listed below, BOT Franchising, LLC, 2121 Vista Parkway, West Palm Beach, FL 33411, (561) 640-5570.

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- B-1. Financial Statements of Guarantor and Guaranty of Performance
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- E. General Release Agreement
- F. List of Current Franchisees
- G. List of Former Franchisees
- H. Deposit Receipt
- I. Compliance Certification
- J. Confidentiality and Nondisclosure Agreement
- K. State Addenda to Disclosure Document
- L. State Effective Dates
- M. Disclosure Document Receipts

DATE: _____
(Do not leave blank)

Print Sales Agent(s) Name(s)

Prospective Franchisee Signature

Prospective Franchisee Printed Name

Prospective Franchisee Signature

Prospective Franchisee Printed Name

Corporate Name: (if applicable)

By: _____
Authorized Corporate Officer **Signature**

Printed Corporate Officer Name / Title