



FRANCHISE DISCLOSURE DOCUMENT
OF
GRANITE GARAGE FLOORS FRANCHISING, LLC

FRANCHISE DISCLOSURE DOCUMENT

Granite Garage Floors Franchising, LLC
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We offer franchises that sell, market and install residential garage floor coating systems under the Granite Garage Floors names and logo and any other marks we may license to you.

The total investment necessary to begin operation of a Granite Garage Floors franchise ranges from ~~\$199,300~~227,367 to ~~\$400,400~~390,367. This includes ~~\$109,300~~from \$107,367 to \$107,867 that must be paid to Franchisor or an affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **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 ~~JoAnne Ryan, jryan@thresholdbrands.com, 17700 Saint Clair Avenue, Cleveland~~Kelli Schroeder, 77 North Washington Street, Boston, MA, OH02114, 44110, telephone (518617) 441-9859997-4729. The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

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Issuance Date: ~~May 1, 2024~~ April 29, 2025

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

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

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

**NOTICE MANDATED BY SECTION 8 OF
MICHIGAN'S FRANCHISE INVESTMENT ACT**

The following is applicable to you if you are a Michigan resident or your franchise will be located in Michigan.

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

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

- (h) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (i) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (ii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iii) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (i) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchisee on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchisee for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (j) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

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

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Exhibits

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

To simplify the language in this Disclosure Document, “we,” “us,” “our,” “GGF,” or “Franchisor” means Granite Garage Floors Franchising, LLC, the franchisor. “You,” “your,” or “Franchisee” means the purchaser of a franchise. If the purchaser of a franchise is a partnership, corporation, limited liability company, or any other type of entity (collectively, an “Entity”), “you” means both the purchaser and its partners, shareholders, members, or other owners of a legal and/or beneficial interest in the Entity (collectively, “Owners”). If you are an Entity, your “Operating Principal” must be an individual Owner who you must appoint who will have authority over all business decisions related to your franchise and will have the power to bind you in all dealings with us.

Franchisor

We are a Georgia limited liability company formed on June 21, 2013. We do not do business under any name other than Granite Garage Floors Franchising, LLC. Our principal place of business is located at 17700 Saint Clair Avenue, Cleveland, OH, 44110. Our agents for service of process are listed in Exhibit F.

We began offering franchises to open and operate businesses to sell, market and install or refurbish concrete garage floors with an epoxy coating system (“Services”) under the Granite Garage Floors marks in 2013. As of December 31, ~~2023~~2024 we had ~~44~~55 franchise locations.

We have never offered any other franchises in any other line of business. We do not conduct any other business activities.

Parent, Predecessors, and Affiliates

On May 13, 2022 all of our membership interests were acquired by Threshold Brands, LLC (“Threshold Brands”). Threshold Brands maintains its principal place of business at 77 North Washington Street, Boston, MA, 02114. Threshold Brands is a wholly owned subsidiary of HS Group Holding Company, LLC (“HSGH”). HSGH maintains its principal place of business at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111.

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

EverSmith Brands

U.S. Lawns, Inc. (“U.S. Lawns”) has offered franchises under the mark “U.S. Lawns” since August 1986. U.S. Lawns’ principal business address is 6700 Forum Drive, Suite 150, Orlando, FL 32821. A U.S. Lawn franchise offers outdoor commercial property and landscaping services. As of ~~its last fiscal year~~ December 31, 2024, U.S. Lawns had ~~208~~210 franchises operating in the United States. milliCare Franchising, LLC (“milliCare”) and its predecessors have offered franchises since January 2011. milliCare’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A milliCare franchise offers cleaning and maintenance of floor coverings and interior finishes and related services under the mark “milliCare Floor & Textile Care.” As of December 31, ~~2022~~2024, milliCare had ~~51~~59 franchises operating in the United States.

Kitchen Guard Franchising, Inc. (“Kitchen Guard”) has offered franchises ~~s under the mark~~ since August 2023. Kitchen Guard’s principal business address is 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. A Kitchen Guard franchise offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of ~~the date of this disclosure document, there are no Kitchen Guard~~ December 31, 2024, Kitchen Guard had 5 franchises operating in the United States.

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

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

Evive Brands

Executive Home Care Franchising, LLC (“Executive Care”) has offered franchises under the mark “Executive Home Care” since June 2013. Executive ~~Home~~ Care’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, ~~2022~~2024, Executive Care had ~~21~~22 franchises operating in the United States.

B & P Burke, LLC (“B&P”) has offered franchises under the mark “Grasons” since May 2014. B&P’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, ~~2022~~2024, B&P had ~~31~~61 franchises operating in the United States.

ALL Franchising, LLC (“ALL”) and its predecessors have offered franchises under the mark “Assisted Living Locators” since May 2006. ALL’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assists seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, ~~2022~~2024, ALL had ~~134~~162 franchises operating in the United States.

Brothers Parsons Franchising LLC (“Brothers”) and its predecessor have offered franchises under the mark “The Brothers that just do Gutters” since July 2015. Brothers’ principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A “The Brothers that just do Gutters” franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, ~~2022~~2024, Brothers had ~~93~~355 franchises operating in the United States.

Head-to-Toe Brands

BCC Franchising, LLC (“BCC”) and its predecessor have offered franchises since March 2007 under the mark “Bishops”. BCC’s principal business address is Terminal Tower 50 Public Square, 29th Floor Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, ~~2022~~2024, BCC had ~~42~~40 franchises operating in the United States.

Frenchies, LLC (“Frenchies”) has offered franchises under the mark “Frenchies Modern Nail Care” since April 2015. Frenchies’ principal business address is 2679 West Main, #363, Littleton, CO 80120. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, ~~2022~~2024, Frenchies had ~~22~~23 franchisees operating in the United States.

The Lash Franchise Holdings, LLC (“Lash”) and its predecessor has offered franchises under the mark “Lash Lounge” since March 2010. Lash’s principal business address is 4370 Varsity Drive, Suite G, Ann Arbor, MI 48108. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, ~~2022~~2024, Lash had ~~117~~140 Lash Lounge franchises in the United States.

Best Life Brands

Blue Moon Franchise Systems, LLC (“Blue Moon”) has offered franchises under the mark “Blue Moon Estate Sales” since August 2013. Blue Moon’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property ~~as well as the provision of~~and provides consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, ~~2022~~2024, Blue Moon had ~~91~~124 franchises in operation in the United States.

Boost Franchise Systems, LLC (“Boost”) has offered franchises under the mark “Boost Home Healthcare” since July 2021. Boost’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient’s residence or within health care facilities. As of December 31, ~~2022~~2024, Boost had ~~six~~6 franchises in operation in the United States.

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

~~ComForCare Franchise Systems, LLC (“ComForCare”) and its predecessor has offered franchise under the mark “ComForCare Home Care” since April 2021. ComForCare’s whose principal place of business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Since April 2001, ComForCare Home Healthcare franchise offers~~ has offered franchises which provide (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services (extended hourly nursing care for the treatment of medical ailments, Non-Medicare). As of December 31, ~~2022~~2024, ComForCare ~~had 218~~has 248 franchises operating in the ~~United States~~U.S. and 16 franchises in Canada. ComForCare has never offered any services similar to those offered by Next Day nor has it offered franchises in other lines of business.

~~CarePatrol Franchise Systems, LLC (“CarePatrol”) and its predecessor has offered franchises under the “CarePatrol” mark since April 2009. CarePatrol’s Next Day Access, LLC (“Next Day”) whose principal address place of business is 900 Wilshire Drive Dr., Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families 48084-1600. Since March 2012, Next Day has offered franchises that engage in the sale and rental of ramps, additional related products, and accessories that enhance the quality of life of physically disabled or challenged persons. As of December 31, 2022~~2024, ~~CarePatrol Next Day had 160 Care Patrol~~49 franchises operating in the ~~United States~~U.S. and 2 franchises in Canada. Next Day has never offered services similar to those offered by Blue Moon nor has it offered franchises in other lines of business.

Affiliates

Our affiliate MaidPro Franchise, LLC (“MaidPro”) is a franchisor of businesses providing residential and commercial cleaning and other related services to individuals and businesses. Its principal business address is 77 North Washington Street, Boston, MA 02114. MaidPro has been offering residential and commercial cleaning service franchises since February 1997. As of December 31, ~~2023~~2024 it had ~~238~~237 franchised locations in the United States and ~~16~~14 franchised locations in Canada.

~~Our affiliate FlyFoe, LLC d/b/a Patio Patrol (“Patio Patrol”), is a franchisor of businesses providing residential and commercial mosquito, wasp, fly, tick control and other general pest control services under the Patio Patrol name and marks. Patio Patrol’s principal business address is 77 North Washington Street, Boston, Massachusetts 02114. Patio Patrol offered franchises from February, 2018 until April 2024. It originally offered them under the “FlyFoe” name and continued until July 15, 2022 when it began offering franchises under the name “Patio Patrol”. As of December 31, 2023, there were 7 Patio Patrol franchises in operation.~~

Our affiliate Men In Kilts US, LLC (“MIK”), is a franchisor of businesses providing window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. MIK’s principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK began offering franchises in March, 2019 and as of December 31, ~~2023~~2024 had ~~20~~23 franchises.

Our affiliate Men In Kilts Canada Inc. (“MIK Canada”), is the franchisor of the Men In Kilts brand in Canada. Its principal business address is 77 North Washington Street, Boston, Massachusetts 02114. MIK Canada through its predecessor has been offering Men In Kilts franchises since 2011 and as of December 31, ~~2023~~2024 had ~~22~~20 Men In Kilts franchises in Canada.

Our affiliate Pestmaster Franchise Network, LLC ("Pestmaster"), is a franchisor of businesses providing structural and agricultural pest control and related services. Pestmaster's principal business address is 9716 South Virginia Street, Suite E, Reno, Nevada 89511. Pestmaster through its predecessor has been offering franchises since June 1991 and as of December 31, ~~2023~~2024 had ~~52~~57 franchises.

Our affiliate USA Insulation Franchise, LLC ("USA Insulation") is a franchisor of businesses providing residential insulation services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since March 2006 and as of December 31, ~~2023~~2024 had ~~100~~109 franchises.

Our affiliate PHP Franchise, LLC ("PHP"), is a franchisor of businesses provided residential plumbing and related services under the Plumbing Paramedics mark and businesses providing residential heating and air conditioning services under the Heating & Air Paramedics mark. Its principal place of business is the same as our principal place of business. Beginning in November 2021, PHP began offering Plumbing Paramedics and Heating & Air Paramedics franchises. As of December 31, ~~2023~~2024 it had ~~5~~15 Plumbing Paramedics franchises and ~~5~~14 Heating & Air Paramedics franchises.

Our affiliate Sir Grout Franchising, LLC ("Sir Grout") is a franchisor of businesses providing grout and tile cleaning, sealing, caulking and restoration services as well as other services. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. Sir Grout has been offering franchises since August 2007 and as of December 31, ~~2023~~2024 had ~~61~~71 franchises.

Our affiliate Mold Medics Franchising LLC is a franchisor of businesses providing mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. Its principal business address is 17700 Saint Clair Avenue, Cleveland, Ohio 44110. It has been offering franchises since December 2020 and as of December 31, ~~2023~~2024 had ~~1 franchise~~6 franchises.

Our affiliate Miracle Method, LLC is a franchisor of businesses providing restoration services for bathtubs, sinks, showers, tile, countertops, and similar surfaces in homes and businesses. Its principal business address is ~~4310 Arrowswest Drive~~ 215 Sutton Lane, Colorado Springs, ~~Colorado~~CO, 80907. It has been offering franchises since 1996 and as of December 31, ~~2023~~2024 there were ~~194~~201 unit franchises and 2 master franchises operating in the United States.

The Garage Floor Coating Company, LLC operated a residential garage floor coating business of the type that we offer under this disclosure document from 2011 through December 2023. It may be considered our predecessor as it was the original owner of certain of our trademarks. It has a principal place of business at 110 Mansell Circle, Suite 375, Roswell, Georgia, 30075. It has never sold franchises in any line of business. The trademarks were subsequently owned by Granite Garage Floors Licensing, LLC from 2018 until 2024. It has a principal place of business at 110 Mansell Circle, Suite 375, Roswell, Georgia, 30075. It has never sold franchises in any line of business.

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

The Franchised Business

We offer the right to operate a franchised businesses that sells, markets and installs residential garage floor coating systems (“Franchised Businesses,” also sometimes referred to in this Disclosure Document as “GGF Businesses”). Sources of customers and leads include builders, designers, architects, remodelers, and direct marketing to consumers.

Franchised Businesses operate under the Granite Garage Floors logo and word marks and certain other trademarks, service marks, trade names, signs, associated designs, artwork, and logos (collectively, the “Marks”) and are identified by our color schemes, signage, and other identification schemes (collectively, the “Trade Dress”). We may designate other trade names, service marks, and trademarks as Marks and may change any of the Marks periodically. We may periodically change, add to, or cease to use any elements of the Trade Dress.

Franchised Businesses operate under a prescribed system of specifications and operating procedures that our affiliates and we have developed and will continue to develop (the “System”). The distinguishing characteristics of the System include our Trade Dress; our training program, operating procedures, customer service standards, and marketing techniques; and the policies, procedures, standards, and specifications set out in our operations manual (collectively, the “Manuals”). We may change, improve, and further develop the elements of the System periodically.

As a franchisee, you may operate one Franchised Business within an area of primary responsibility (the “Territory”) that we will specify in the franchise agreement that we and you will sign (the “Franchise Agreement”). Our current form of Franchise Agreement is contained in Exhibit A to this Disclosure Document.

There is no limit to the number of vehicles that you may operate within your Territory. But you may not directly or indirectly solicit sales or provide Services to a customer located outside of your Territory without our prior written consent.

Market and Competition

The market for your Services will be any residential homeowner seeking the coating of their residential garage floor. Your customers may be homeowners in the process of building a home who would like their new garage floor coated or existing homeowners who may be interested in coating or re-coating their existing garage floor. The market for these Services is well developed. Sales are not seasonal.

Your competition will include other businesses that provide garage coating services. Many of these businesses will specialize in the provision of these services while others will provide them as one of a suite of their services. These businesses may be independently owned and operated or franchised. Various large retailers of home improvement services may also provide this service and you will compete with these retailers for market share.

Industry-Specific Regulations

There may be local laws governing the sale and installation of home improvements and construction or building contracting. Your state or local government may require a contractor’s license; it is your responsibility to determine the need for licenses and obtain them as necessary. In addition, you will have to comply with laws and regulations that are applicable to business generally (such as workers’ compensation).

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state and local governmental requirements. You should consult with your attorney about laws and regulations that may affect your Franchised Business.

This is a specialty contracting business requiring concrete to be prepared through an industrial diamond grinding process where the machines are connected to vacuum systems as well as the applications of industrial grade coatings. There will be various federal and state OSHA laws and regulations applicable to your business that you must satisfy.

ITEM 2 BUSINESS EXPERIENCE

Chairman of the Board of Managers – ~~Tom Silk~~Jordan Lajoie

Mr. ~~Silk~~Lajoie joined us as the Chairman of our Board of Managers in ~~September 2022~~February 2025. At that time, Mr. Silk is Lajoie also became the Chairman of the Board of Managers ~~for~~of our parent company Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. Mr. ~~Silk~~Lajoie is also the Chairman of the Board of Managers for all of our affiliates offering franchises disclosed in Item 1. ~~From September 2019 to August 2022 Mr. Silk was~~ Since February 2025 Mr. Lajoie has also served as the ~~CEO~~Chairman of ~~Corporate Rewards d/b/a WorkStride in New York, NY~~the Board of Managers of Head-to-Toe Brands, another portfolio company owned by The Riverside Company. From ~~January 2013 to September 2019~~July 2020 to the present Mr. ~~Silk~~Lajoie has served as ~~WorkStride's Chief Customer Officer~~the President of Pinecrest Holdings, Inc. in Portland, ME. From July 2014 to June 2020 Mr. Lajoie was a Management Consultant for Accenture in Boston, MA.

Vice President and Manager – Caroline Quoyeser

~~Since December 2020,~~ Ms. Quoyeser has served as our Vice President and Manager since May 2022. Since August 2021, Ms. Quoyeser has been the Vice President and a Manger of our parent, Threshold Brands, LLC, and since August 2020 Ms. Quoyeser has been the Vice President and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Ms. Quoyeser is also a Vice President and Manager for all of our affiliates offering franchises disclosed in Item 1. Since November 2021, Ms. Quoyeser has served as a Manager for Evive Brands, another portfolio Company owned by The Riverside Company. Since January 2023 Ms. Quoyeser has been an Assistant Vice President with The Riverside Company in Santa Monica, CA. From July 2021 to December 2022 Ms. Quoyeser was a Senior Associate with The Riverside Company in Santa Monica, CA. From July 2019 to June 2021 Ms. Quoyeser was an Associate with The Riverside Company in Santa Monica, ~~CA. From June 2017 to June 2019 Ms. Quoyeser was an Analyst with The Riverside Company in Santa Monica, CA.~~

Vice President, Secretary and Manager – Stephen Rice

Mr. Rice has been our Vice President and Secretary and a member of our Board of Managers since May 2022. Since August 2021 Mr. Rice has been the Vice President, Secretary and a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Rice has been the Vice President, Secretary and a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Rice is the Vice President, Secretary and a Manager/Director of all of our affiliates offering franchises disclosed in Item 1. Since October 2010, Mr. Rice has been a Principal of The Riverside Company, located in Cleveland, Ohio.

Manager – Ryan Farris

Mr. Farris has been a member of our Board of Managers since May 2022. Mr. Farris is a Manager of our parent, Threshold Brands, LLC, its parent, HS Group Holding Company, LLC. Mr. Farris is also a Manager of all of our affiliates offering franchises disclosed in Item 1. Mr. Farris has been employed by AlphaGraphics in Lakewood, Colorado, since September 2015, where he has served as the President and COO since October 2017. Since August 2020 Mr. Farris has also served as the President and COO of PostNet International Franchise Corp., also located in Lakewood, Colorado.

Manager – Steven Siegel

Mr. Siegel has been a member of our Board of Managers since May 2022. Since August 2021 Mr. Siegel has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Siegel has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Siegel is a Manager of all of our affiliates offering franchises disclosed in Item 1. Since January 2005, Mr. Siegel has served as a Managing Partner at Brookside Consulting located in Thornton, New Hampshire.

Manager – Mark Kushinsky

Mr. Kushinsky has been a member of our Board of Managers since May 2022. Since August 2021 Mr. Kushinsky has served as a Manager of our parent, Threshold Brands, LLC, and since August 2020 Mr. Kushinsky has served as a Manager of Threshold Brands' parent, HS Group Holding Company, LLC. Mr. Kushinsky is a Manager of all of our affiliates offering franchises disclosed in Item 1. From April 2008 to April 2021, Mr. Kushinsky was Chief Executive Officer of MaidPro Franchise, LLC and its predecessor, MaidPro Franchise Corporation, located in Boston, MA.

Chief Executive Officer and Manager – Theodore Demarino

~~Since June 2023,~~ Mr. Demarino has been our Chief Executive Officer (“CEO”) and a member of our Board of Managers since June 2023. Mr. Demarino is also the CEO and a Manager of our parent, Threshold Brands, LLC and of its parent, HS Group Holding Company, LLC. He also serves as the CEO and a Manager of all of our affiliates offering franchises disclosed in Item 1. From October 2019 to May 2023, Mr. Demarino was the President of Liberty Tax in Hurst, TX. ~~Before that, Mr. Demarino served as Operating Partner of Vintage Capital Management in Frisco, TX from September 2016 to October 2019.~~

Chief Financial Officer – ~~Scott~~William A. ~~Fink~~Newby III

~~Since June 2023,~~ Mr. ~~Fink~~Newby has been our Chief Financial Officer (“CFO”) since November 2024. Mr. ~~Fink~~Newby is also the CFO of our parent company, Threshold Brands, LLC and its parent company, HS Group Holding Company, LLC. He also serves as the CFO of all of our affiliates ~~offering franchises~~ disclosed in Item 1. From ~~October 2020 to June 2023~~April 2023 to November 2024, Mr. ~~Fink~~Newby was the CFO of ~~The Bazaar~~Building Plastics, Inc. in ~~River Grove~~Memphis, ~~IL~~TN. ~~Before that, Mr. Fink Served as CFO of Akash Chemicals, Inc. in Glendale Heights, IL from April 2017 to October 2020~~From August 2018 to March 2023, Mr. Newby was the Corporate Controller for Ring Container Technologies in Oakland, TN.

Chief Legal Officer – Robert G. Huelin

Mr. Huelin has been our Chief Legal Officer (“CLO”) since May 2022. Mr. Huelin has been the CLO for our parent, Threshold Brands, LLC since August 2021 and our affiliate MaidPro Franchise, LLC since May 2021. Mr. Huelin serves as the CLO for all of our other affiliates offering franchises disclosed in Item 1. From December 2014 to May 2021 Mr. Huelin was the Vice President, Legal and Compliance for Wireless Zone, LLC in Rocky Hill, CT.

Chief Revenue Officer – Juliet Diiorio

Ms. Diiorio has served as our Chief Revenue Officer (“CRO”) since August 2023. Since August 2023 Ms. Diiorio has been the CRO of our parent company, Threshold Brands, and all of our affiliates offering franchises disclosed in Item 1. From January 2023 to August 2023 Ms. Diiorio was the Chief Marketing Officer of Silvercrest Advertising in Palm Springs, CA. From December 2022 to January 2023, Ms. Diiorio was an independent contractor. From April 2022 to December 2022 Ms. Diiorio was the Chief Marketing Officer of James Ryder Interactive in Delray Beach, FL. From September 2021 to April 2022 Ms. Diiorio was an independent contractor. From July 2019 to September 2021 Ms. Diiorio was the Chief Marketing Officer of Liberty Tax in Hurst, TX. ~~From April 2012 to July 2019 Ms. Diiorio was the Chief Insurance Officer for Acceptance Insurance in Nashville, TN.~~

Chief Operating Officer – Cory Hughes

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

~~Human Resources – Somerset Buchanan~~

~~Since November 2022, Ms. Buchanan has been our Vice President of Human Resources, and the Vice President, Human Resources for our parent, Threshold Brands, LLC and each of our affiliates offering franchises disclosed in Item 1. From March 2022 until November 2022, Ms. Buchanan was Senior Director of Central Coaching for MaidPro Franchise, LLC in Boston, MA. From December 2020 until March 2022, Ms. Buchanan was Director of Central Coaching for MaidPro in Boston, MA. Before joining us, Ms. Buchanan was Director of Field and New Franchisee Learning for Dunkin Brands in Canton, MA from February 2019 to June 2020. Ms. Buchanan was previously the Senior Learning Manager of New Franchisee Learning for Dunkin Brands from January 2017 to February 2019.~~

Brand Leader – Bryan McMurray

~~Since April 2024~~ Mr. McMurray has served as our Brand Leader since April 2024. Mr. McMurray has also served as the Brand Leader of our affiliate Mold Medics Franchising, LLC in Carnegie, PA since August 2023. From September 2022 to August 2023 Mr. McMurray was Operations Manager for our affiliate Men In Kilts US, LLC in Boston, MA. From October 2021 to September 2022 Mr. McMurray was Director of Operations for Wellbiz Brands in Denver, CO. From November 2016 to October 2021 Mr. McMurray was a Franchise Business Coach for Self Esteem Brands located in Woodbury, MN.

Vice President, Franchise Development Director – Don Champion

~~Mr. Champion joined us as Franchise Development Director in April 2024. Mr. Champion was the Brand President of HorsePower Brands in Omaha, NE from May 2022 to April 2024. Before that, from May 2019 to April 2022, Mr. Champion was the Franchise Director for GarageExperts in Grapevine, TX.~~ Kelli Schroeder

~~Franchise Development Manager – JoAnne Ryan~~

~~JoAnne Ryan~~

Ms. Schroeder joined us as ~~our~~ Vice President, Franchise Development, in October 2024. Ms. Schroeder is also the Vice President, Franchise Development Manager in October 2022. Before joining us Ms. Ryan was a Loan Officer for Oewen Mortgage in Mount Laurel, NJ from January 2021 to June 2022. From January 2013 to October 2020, for all of our affiliates offering franchises disclosed in Item 1. From June 2023 to October 2024 Ms. Schroeder was the Vice President of Franchise Development at WellBiz Brands in Island Park, NY. From August 2021 to June 2023 Ms. ~~Ryan~~ Schroeder was ~~at~~ the Vice President of Franchise ~~Business~~ Development ~~Manager~~ for ~~Authority Brands in Columbia, MD~~ SUCCESS Space in Island Park, NY. From July 2019 to August 2021 Ms. Schroeder was the principal of Schroeder Consulting, LLC in Long Beach, NY.

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

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

**ITEM 5
INITIAL FEES**

Initial Franchise Fee

You will pay us an initial franchise fee of \$60,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is due in full at the time you sign the Franchise Agreement. We may offer to prospects who meet our qualifications, including creditworthiness, financing of up to the full amount of the Initial Franchise Fee. See Item 10 for additional information.

During ~~2023~~ 2024 our franchise offering included waivers, discounts and refunds such that our Initial Franchise Fees ranged from \$0 to \$60,000.

~~You will also pay us a \$2,500 Technology Package Fee which covers the initial configuration of your CRM Account, website set up, and establishing your local online listings. This is due upon signing the Franchise Agreement.~~

~~You must pay our affiliate for the required vehicle upfit package, and installation of the same. You must also purchase the required vehicle wrap and installation of the same from our affiliate. The cost of the upfit package is \$41,800. The cost of the wrap is approximately \$5,000. You may finance the upfit package and the wrap as part of the purchase of your required vehicle if you purchase the vehicle from our approved vendor.~~

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

Franchise Option Program

For ~~existing~~new franchisees, ~~or franchisees who have a demonstrated record of success operating a franchise in our or our affiliate brands,~~ we ~~will~~may offer to ~~waive the Initial Franchise Fee~~ refund the Initial Franchise Fee in exchange for an increase to the ~~Continuing~~ Royalty Fee rate by an additional ~~2.54%~~ of Gross ~~Consumer~~ Sales (example the ~~66.5%~~ royalty will increase to ~~8.5~~10.5%) for 10 years (the initial ~~5-year term and the first renewal term, if the franchise is renewed~~).

We refer to this program as our “Franchise Option Program”. ~~You~~We will ~~enter into the Franchise Option Amendment attached to the Franchise Agreement as Exhibit D. See Item 6 for more information related to this program.~~

~~For new franchisees who desire to participate in the Franchise Option Program, we will~~ refund your Initial Franchise Fee within 10 days of the opening of your Franchised Business so long as it opens within the time required under the Franchise Agreement and you are not otherwise in default under the Franchise Agreement or any other agreement between you and us or any of our affiliates. ~~You will enter into~~If you take advantage of this program you must sign the Franchise Option Amendment attached to the Franchise Agreement as Exhibit D.

Military/First Responder Program

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

Multi-Unit Program

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

Hard to Serve/Underserved Markets

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

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

Vehicle Upfit Package

You must purchase from our affiliate the vehicle upfit package and vehicle wrap we require. Our affiliate will also install the package and complete the wrap on your vehicle. The cost of the upfit package and the wrap is \$47,367. This amount is due upon receipt of an invoice for the work after it is performed.

Training Fee

You or your Operating Principal if you are an entity, must complete to our satisfaction our Initial Training before you may open your Franchised Business. We do not charge for the Initial Training Program for up to two attendees. We charge a training fee of \$500 for each additional individual who attends our Initial Training Program. This amount is due before attendance at the Initial Training Program.

Except as discussed above, none of the amounts above are refundable.

We pay a referral fee (“Referral Fee”) to any current franchisee for each candidate referred to us who meets our qualifications and signs a Franchise Agreement. Currently, the Referral Fee is ~~\$10,000~~ \$25,000 for each successful referral of a candidate who is not a current franchisee of our brand or any of our affiliate brands.

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

ITEM 6 OTHER FEES

Type of Fee ¹	Amount ¹	Due Date	Remarks
Royalty Fee ²	6.5% of Gross Sales or minimum Monthly Royalty payment as outlined in the schedule below. Month 4-12 <u>4-12</u> : \$500 Month 13-24: \$1,500	Payable monthly by Electronic Funds Transfer. Funds must be in your designated bank account by the fifth day of the calendar month immediately following the month in which	Starting in the 4th month after you begin operating your Franchised Business, you must pay the Minimum Royalty or your Royalty Fee, whichever is greater. “Gross Sales” means all revenue from the sale of all services and products and all other income of every kind related to your business

Type of Fee ¹	Amount ¹	Due Date	Remarks
	<p>Month 25 <u>beyond to end of term:</u> \$2,500</p>	<p>they accrued. You must provide us with monthly gross sales reports due by the 10th day following the end of the month and reconcile any amounts between what was paid and what is due within 5 business days of notification. <u>Payable monthly, on the 15th day of each month.</u></p>	<p>activities under your Franchise Agreement, whether cash or credit (and regardless of collection in the case of credit). <u>Royalty Fee is due on all Gross Sales. See Note 2 and Note 3.</u></p>
Brand Fund Fee	2% of Gross Sales.	<p>Monthly; by electronic funds transfer no later than one week after the end of the month for which it is due. <u>Payable monthly, on the 15th day of each month.</u></p>	See Note 1 <u>2</u> and 3 <u>Note 4</u> .
Interest	The lesser of 12% per annum, or the maximum rate permitted by applicable law.	Upon demand.	If any fee or payment due under the Franchise Agreement is not paid on the date it is due <u>time</u> , you must pay to us interest from the date these amounts were <u>the amount was</u> originally due.
Training <u>Fee</u>	Currently \$500/ <u>per day plus expenses.</u>	Before training commences.	We can charge for (i) training persons repeating our initial training program or replacing a person who did not pass our initial training program, (ii)

Type of Fee [†]	Amount ¹	Due Date	Remarks
			initial training for additional employees (beyond the two employees entitled to attend the initial training at no charge), and (iii) periodic additional training we may provide or require. You are responsible for any travel expenses, wages, and other expenses incurred by your trainees for any training. See Note 5 and Note 13.
Additional Assistance	The travel and living expenses of our representatives plus a current Consulting Fee of \$500 per day.	Within 15 days after services are rendered.	Payable if we provide requested consulting services in person at a place other than our offices and the assistance requires travel beyond our routine field visits. We may increase the amount of the Consulting Fee once within any 12-month period.
Supplier Review	Our reasonable cost of inspecting the supplier or testing the proposed equipment, including personnel or travel costs.	Upon demand.	Payable if you wish to offer or use any supplies or equipment that we have not approved or to purchase from a supplier that we have not approved, whether or not we approve the item or supplier.
Renewal Fee	\$1,500.	Upon signing a <u>successor renewal</u> Franchise Agreement.	You have the option <u>If we agree to allow you to renew the franchise, provided that you meet certain conditions at the end of the initial term.</u>

Type of Fee [†]	Amount ¹	Due Date	Remarks
Transfer Fee	\$5,000	At <u>On</u> or before <u>the date of transfer.</u>	Payable only upon <u>if you transfer of your franchise.</u>
Field Service Software <u>Technology Fee</u>	Up to \$600 per month, exclusive of taxes, depending upon the number of technician licenses. Plus up to \$75 per month for data hosting and integration services <u>\$650 per month</u>	Upon completion of service. Monthly by electronic funds transfer no later than one week after the end of the month for which they are due. <u>Payable monthly, on the 15th day of each month.</u>	Paid to the vendor. See Note <u>46</u> and Note <u>13</u> .
Email Hosting	\$12.50/month per user.	Monthly by electronic funds transfer no later than one week after the end of the month for which it is due.	Paid to us.
Financial management software <u>Additional Email Licenses</u>	\$15 per month per license	Due <u>Payable</u> monthly by <u>automatic debit/EFT, on the 15th day of each month.</u>	Paid to us. See Note <u>7</u> and Note <u>13</u> .
<u>Bookkeeping Software</u>	<u>\$55 per month</u>	<u>Payable monthly, on the 15th day of each month.</u>	<u>See Note 8 and Note 13.</u>
Insurance <u>Consulting Fee</u>	Cost of the premium plus a reasonable fee for our services in procuring the insurance. <u>\$500 per day, per person, plus our expenses.</u>	Upon <u>Within 10 days of demand.</u>	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you. <u>Paid to us if we think you need remedial training or instruction, or if you require us to assist in the</u>

Type of Fee [†]	Amount ¹	Due Date	Remarks
			<u>operation of your Franchised Business. See Note 13.</u>
<u>Demonstration Kits</u>	<u>\$430 per Kit</u>	<u>Within 10 days of demand</u>	<u>See Note 9 and Note 13.</u>
Inspection	Our reasonable expenses incurred in inspecting your Franchised Business, including travel, meals, and lodging costs and compensation for our representatives. <u>\$500 per day per person plus our expenses.</u>	Upon demand.	Payable if inspection is necessitated by a <u>we inspect your Franchised Business due to</u> repeated or continuing failure to comply with any provision of the Franchise Agreement. <u>See Note 13.</u>
Remedial Expenses	Our reasonable expenses incurred in correcting your operational deficiencies.	Upon demand.	If we give you notice of deficiencies we identify during an inspection and you fail to correct the deficiencies in a reasonable time, we may correct the deficiencies at your expense.
Enforcement Expenses	Our reasonable cost of <u>Costs we incur to de-identify</u> identify your Franchised Businesses and other <u>including any</u> costs and expenses incurred <u>we incur</u> as a result of your failure to comply with your post-termination obligations.	Upon demand.	Payable if your Franchise Agreement expires or is terminated, and you fail to de-identify your Franchised Businesses <u>Business</u> and comply with your other post-term obligations, and we take steps to do so.
Indemnification	Our liabilities, fines,	Upon demand.	Payable if we incur losses

Type of Fee [†]	Amount ¹	Due Date	Remarks
	losses, damages, costs, and expenses (including reasonable attorneys' fees).		due to your activities or failure to perform under the Franchise Agreement.
Payment Processing Fee	\$35 per month per account and applicable per transaction fees.	Payable monthly, on the 15th day of each month, and as incurred.	See Note 10 and Note 13.
Marketing Services	\$115 per month per territory.	Payable monthly, on the 15th day of each month.	See Note 11 and Note 13.
Technology Fee	A monthly technology support fee of \$95 subject to change upon 30 days advance notice from us to you.	Monthly, by electronic funds transfer.	Paid to us to support web management, maintenance and ongoing changes.
Online SEO/SEM Management Fee⁴	Our current vendor's fee is \$495 per month for the overall management of local SEO and online marketing.	Monthly paid by credit card.	Paid to the vendor.
Convention Fee ⁵	Up to \$1,500 depending upon costs.	Due at registration.	See Note 312 and Note 13.
On-Site Training Fee	\$300 per employee per day plus expenses of our personnel who perform service.	Within 15 days of the service	Only payable if you fail to meet our standards and we require you to have on-site assistance and training.
Audit	Cost of Audit.	Upon demand	Payable only if audit shows an under-statement of at least 2% of Gross Sales for any month.

Type of Fee [†]	Amount ¹	Due Date	Remarks
Lease Fee	Amounts we pay on your behalf	Upon demand	Payable only if we pay any amount on your behalf under your lease or sublease.
Vehicle Upfit and Wrap	Currently, \$46,800	Upon demand	Only payable if you purchase additional vehicles for your Franchised Business during the term of your Franchise Agreement.

NOTES:

~~1. The table above describes fees and other amounts payable to us or our affiliates (or, if otherwise noted, to a third party), relating to the operation of your Franchised Business. All~~ 1. Generally. Unless otherwise indicated, all of the fees ~~and other amounts listed~~ in the ~~table chart~~ above ~~are non-refundable and~~ are uniformly imposed. ~~You must use the payment methods we designate. We by,~~ payable to, and collected by, us and are non-refundable. You must pay all fees, payments, and charges described in Item 6 to us, through the method we require, which is currently ~~require~~ electronic funds transfer/direct debit. You must sign and deliver to us an irrevocable EFT Authorization attached as ~~Exhibit C~~ an exhibit to the Franchise Agreement to enable our financial institution to debit your primary bank account at your bank in order to pay us all amounts you owe us. You must maintain enough funds in the account to cover all amounts payable to us. If funds in the ~~Account~~ account are not enough to cover the amounts payable to us, the outstanding amount will be considered overdue and you must pay us the overdue amount plus interest, any related bank fees. ~~If you do not timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10%. If we underestimate any fees due,~~ You must pay us on demand for all taxes we incur on goods or services we provide to you or on payments you make to us. We may change your payment schedule with respect to any fees or other amounts due to us or our affiliates under your Franchise Agreement (i.e., modifying monthly payment to weekly), or require you to use any other method of payment, upon 30 days' notice to you must pay. If the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due date of any payment is not a business day, the due ~~in date for the payment is~~ the next ~~payment period after we receive accurate records regarding your Gross Sales:~~ immediate business day.

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

2. Gross Sales. “Gross Sales” means all revenue from the sale of all services and products and all other income of every kind related to your business activities under your Franchise Agreement, whether cash or credit (and regardless of collection in the case of credit). Starting in the 4th month after you commence operation of the Franchised Business, you must pay the Minimum Royalty or your Royalty Fee, whichever is greater.

3. Royalty Fee and Minimum Royalty. You must pay us a monthly Royalty Fee of 6.5% of Gross Sales, subject to the payment of a minimum Monthly Royalty ranging from \$500-\$2,500. For the first 3 months of your Franchise Agreement there is no minimum Monthly Royalty obligation. The monthly Minimum Royalty payable after that is discussed in the chart below:

<u>Time Period</u>	<u>Minimum Royalty</u>
Months 4-12	\$500
Months 13-24	\$1,500
Months 25-end of Franchise Agreement	\$2,500

~~2. If you have accepted our offer to waive the Initial Franchise Fee under~~ are in our Franchise Option Program, your Royalty Fee percentage will be 910.5% of Gross Sales ~~for the initial 10-year term and the first 10-year renewal term, if renewed~~ but is still subject to the Minimum Royalty discussed above.

~~3. Our current~~

4. **Brand Fund Fee** is. You must contribute 2% of ~~your monthly~~ Gross Sales (see ~~Franchise Agreement—Section 3.3~~). ~~The Brand Fund Fee is non-refundable.~~

~~4. —These fees are exclusive of taxes—These fees may be increased by our vendor, or altered if we select a different field service software.~~ to the Brand Fund. See Item 11 for more information on the Brand Fund.

5. **Training Fee.** We provide our Initial Training Program for up to 2 attendees at no additional charge. If you elect to send additional persons to the Initial Training Program, or if you elect to send persons to a future Initial Training Program after you have commenced operating the Franchised Business, then we will charge you our then-current daily training fee. We may conduct additional training programs at a venue we select. You are responsible for all of your costs and expenses, and those of your attendees, to attend and participate in our training programs.

6. **Technology Fee.** If you are purchasing your first GGF franchise territory, you must pay the monthly Technology Fee and you will receive 4 branded email user licenses and a tenant account for the field service software we require you to use in your Franchised Business. If you are purchasing a second or contiguous territory or territories which do not require a second tenant account, we may waive the Technology Fee for this second or additional territory or territories.

7. **Additional Email Licenses.** You may purchase from us additional licenses for use in your Franchised Business at our then-current charges.

8. **Bookkeeping Software.** You must purchase from us and use in the operation of your Franchised Business our designated bookkeeping software. You will use this software to assist you on management of the financial side of your business.

9. **Demonstration Kit.** We are the supplier of demonstration kits and product samples. You must maintain at least one fully stocked Demonstration Kit. The current cost for a kit is \$430 (1 fan deck, 28 hard samples and 1 black bag). Additional fan deck samples are \$20 per item. Additional hard samples are \$10 per item. Shipping is not included in these prices and shipping costs will vary.

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

11. **Marketing Services.** We are the sole supplier of website development and maintenance services. We also provide digital marketing services. You must obtain from us support and management services for websites, business profiles and review platforms. The cost is \$115 per month, per territory. You may also purchase search engine optimization services from TMS for \$305 per month, per territory.

5-12. Conventions. We may from time-to-time conduct conventions or host meetings of some or all of our franchisees. (“Conventions”). You must attend one or more of our Conventions ~~and pay.~~ You are responsible for all of your expenses ~~incurred in connection with~~ attending ~~the any~~ Conventions, ~~including registration, transportation, meals, lodging and living expenses.~~ We determine the duration, curriculum and location of the Conventions. You must pay the applicable registration fee for each Convention at the time of registration. This fee is not refundable and will be collected even if you do not attend the Convention.

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

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

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
Franchise Fee (1)	\$60,000	Lump sum <u>EFT</u>	At signing of Franchise Agreement	Us
Vehicle, Equipment and Wrap (2)	\$46,800 to \$150,000 <u>\$7,500 to \$88,000</u>	As Incurred	As incurred <u>Upon lease or purchase</u>	Approved Vendor/ Car dealer
<u>Vehicle Upfit and Wrap</u> (3)	<u>\$47,367</u>	<u>EFT</u>	<u>As incurred</u>	<u>Our affiliate</u>
Initial Inventory and Equipment (34)	\$30,000 to \$70,000 <u>\$50,500 to \$65,000</u>	As Incurred	Prior to beginning business	Approved Vendor/ Supplier
Rent and Improvements (45)	\$0 to \$6,000	As Incurred	Upon signing	Contractor
Training (56)	\$5,000 to	Reimburse	As billed/incurred	Approved

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to Be Made
	\$10,000 <u>8,000</u>	us <u>EFT</u>		GGF trainer
Office Furniture, Equipment and Miscellaneous Supplies (6 <u>7</u>)	\$04,000 to \$7,000 <u>12,000</u>	Cash <u>As</u> Incurred	As incurred <u>Incurred</u>	Approved Vendor/ Suppliers
Advertising – Pre-Opening and Initial 3 Months (7 <u>8</u>)	\$35,000 <u>\$34,000</u>	As Incurred	As Incurred	Suppliers and Vendors
Business Insurance Deposits and Premiums (8 <u>9</u>)	\$1,000 to \$1,500	As Incurred	As incurred	Insurance company or broker
Professional Fees	\$1,000 to \$2,000	Cash/credit	As incurred	Your attorneys, accountants, and business advisors
Technology (9)	\$2,500 to \$5,400	EFT	As incurred	Us
Professional Service Fees and Licensing (10)	\$3,000 to \$8,500	Cash	As incurred	Licensing authorities, utilities
Additional Funds - Initial 3 Months (11)	\$15,000 to \$45,000 <u>60,000</u>	Cash	As incurred	Employees, suppliers, utilities, etc.
TOTAL (12)	\$199,300 to \$400,400 <u>\$227,367 to</u> <u>\$390,367</u>			

NOTES:

1. ~~1.~~ See Item 5. Initial Franchise Fee may be waived under the Franchise Option Program ~~or if you are a conversion franchisee~~. We may offer to finance up to of the full amount of the Initial Franchise Fee. See Items 5 and 10 for additional information. Except as discussed in Item 5 for new franchisees in our Franchise Option Program, the Initial Franchise Fee is non-refundable.
2. ~~2.~~ You will need a vehicle to operate your Franchised Business. We have one approved vendor for the purchase of the vehicle. This vehicle must meet our specifications. We currently require that you ~~to~~ purchase an Isuzu Model NPRXD or equivalent. We may revise our vehicle requirements from time to time. ~~You must wrap the vehicle according to our specifications.~~ The monthly cost of a vehicle will depend upon whether you lease or purchase the vehicle. The low end of the estimate assumes ~~you already have~~ three months of loan payment on a new vehicle meeting our requirements and are only paying for the vehicle upfit package and wrap, which must be purchased from our affiliate. purchase with a standard car loan at market interest rates. The high end ~~represents the cost in cash to purchase~~ assumes you are purchasing a new vehicle, the vehicle upfit package and to have the vehicle wrapped. All vehicles must be equipped with an equipment upfit package. You must maintain the vehicle in good, clean, working order in cash at market prices.
3. Our affiliate is the only authorized supplier of the vehicle upfit package and wrap. You must purchase the full required upfit and wrap, including installation, from our affiliate.
4. ~~3.~~ We do not specify quantities of inventory or equipment but we do provide a recommended list of materials and equipment during the pre-opening process. The recommended materials include, a diamond grinder, grinder-diamonds, grinder wheels, a generator, a floor vacuum, extension cords, a drill and an electric blower. Additional supplies include rollers, painters cloth, buckets, trash bags, tarps, knives, scrapers, respirators, caulk, shovels and squeegees. Inventory includes epoxy, solvents, flakes, sand and floor patch. The low estimate assumes no more than 2-3 jobs of equipment and supplies, purchased for the lowest market-prices available. The high estimate assumes the purchase of all potential equipment and supplies in volumes necessary to support 10 technicians, purchased for the highest market prices available.
5. ~~4.~~ We do not require you to lease a commercial space, and you may operate from your residence if it is suitable for the operation of the Franchised Business, including that it is zoned appropriately for the operation of your business. The low estimate assumes you are managing your Franchised Business from your home and no improvements are required. The high estimate assumes three-months rental of a commercial space of approx. 1,000 square feet at a monthly rent of \$1,500 and reasonable improvements to accommodate the storage of equipment and inventory.
6. ~~5.~~ The initial training program is made up of approximately 34 hours of virtual classroom training and approximately 50 hours of in-field training at a location we designate for you and up to one other person. You must pay all costs of travel, food and lodging to attend the initial training. You may be required to reimburse us for our costs in travel, food and lodging to provide on-site training if your training requirements or unusual or extensive. You must pay our then-current attendance fee if you bring more than two persons to the initial training. The estimates above assumes two attendees at on location training for the full 50 hours.

7. ~~6. We do not~~ You must purchase certain equipment and furniture to establish the Franchised Business. Although your precise needs will vary, we anticipate that you will require specific computer ~~hardware, office furniture or, printer, mobile device or devices, storage equipment, shelving, cleaning supplies, uniforms and a sample kit.~~ The low estimate assumes that you already own a computer, ~~office furniture and office supplies suitable to operate the Franchised Business~~ mobile device and you do not need to purchase storage or shelving. The high estimate assumes that you ~~must purchase a copier, computer, printer, internet and phone service, chairs, desks and supplies for the same (paper, ink, pens, etc~~ are acquiring all of the required equipment and furniture.)
8. ~~7.~~ Before opening, you must purchase a package of marketing materials for use in branding and marketing your Franchised Business which includes printed materials (business cards, door hangers, yard signs), direct mail, networking organization memberships, digital advertising, search-engine optimization services, review solicitation services, and website management. These services are purchased from third-party vendors, and the fees payable to our vendors are non-refundable. The expected cost of these services is \$25,000. These estimates also include three months of local advertising at our ~~current~~ minimum required ~~minimum~~ monthly ~~local advertising~~ spend of \$3,000.
9. ~~8.~~ This estimate is for the cost of a deposit and your first three months of premiums for the minimum required insurance. The cost of coverage will vary based upon the area in which your business will be located, your experience with the insurance carrier, the loss experience of the carrier, the amount of deductibles and of coverage, and other factors beyond our control.
- ~~9. Our current field service software costs up to \$600 per month, exclusive of taxes, for a single franchise tenant license and up to 10 technician licenses. You can elect to purchase more licenses at an additional cost. There may be additional fees for training and implementation. You may be required to pay up to \$75 per month for data hosting and the integration of our current field service software with other systems. These fees may be increased by our vendor, or altered if we select a different field service software during the term of your franchise agreement. You must utilize our branded emails, the cost for which is currently \$12.50 per month per user. You must use financial management software, the cost for which is currently \$15 per month per license. You must pay us a monthly Technology Fee of \$95 per month for website management and maintenance services. We have a service provider for digital marketing and search engine optimization services at a cost to you of \$495 per month. We charge a Technology Package Fee of \$2,500 to set up your CRM, website and digital marketing presence.~~
10. ~~10.~~ You may be required to acquire a professional license in your state in order to operate the Franchised Business. You are responsible for acquiring and maintaining all required licenses. We recommend that you utilize professional advisors, including an attorney and an accountant, to assist you in establishing your business, acquiring and maintaining required licenses and ensuring that you operate your Franchised Business in compliance with applicable laws. The low estimate ~~assume~~ assumes that you require limited assistance from an attorney and accountant. The high estimate assumes that you must acquire a license and that you utilize extensive assistance from professional advisors.

11. ~~11.~~ This is an estimate of the amount of additional operating capital that you may need during the first three months after opening your Franchised Business. This estimate includes additional funds you may need to pay, including, employee salaries and wages, payroll taxes, utilities, fuel costs, credit card facility fees, such 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, nominal call center charges if you choose to use one, and other miscellaneous items. The expenses you incur during the start-up period will depend on factors such as local economic and market conditions, your business experience, and weather conditions.

12. ~~12.~~ These estimates are based upon our affiliate's experience operating a Granite Garage ~~Floor~~Floors business as well as the experiences of our franchisees. The initial investment is for a new franchisee developing a Franchised Business. Your costs may vary based on a number of factors including the geographic area in which you open, local market conditions, and your skills at operating a business. All payments to us are non-refundable. The refundability of payments to others will depend upon your arrangement with them. If you are purchasing an additional or expansion unit in an adjacent Territory and intend to operate multiple units from a single location, many of these expenses may not apply or may be substantially reduced, such as leasing ~~relating~~related costs, office furniture, fixtures and equipment, signage, software license fees, licenses and permits and other possible expenses.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

~~Except as stated below, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Franchised Business from us, our designees, or suppliers we approve, or under our specifications~~

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

To the extent that we establish specifications or designate specific suppliers for particular items, we will publish our requirements in the Manuals and will provide the specifications for the suppliers that we have approved. We may, at any time change, delete, or add to, any of our specifications or standards.

Except as disclosed below, you are not required to use any other specific suppliers for goods or services; however, we reserve the right to require you to do so in the future.

Supplies, Equipment and Services. You may offer in your Franchised Business only the services that we have approved in writing, as specified in the Manuals, and you may only use in your Franchised Business the types of vehicles that we have approved in writing, as specified in the Manuals. We can require that supplies, equipment, vehicles, and services that you purchase for use, rent, or resale in your

Franchised Business: (i) meet specifications that we establish periodically; (ii) be a specific brand, kind or model; (iii) be purchased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased only from a single source that we designate (which may include us or our affiliates or a buying cooperative organized by us or our affiliates). We may change the authorized supplies, equipment, vehicles, and services at our discretion, and we may designate specific supplies, equipment, and services as optional or mandatory. You must use all items or sources of supply that we designate as mandatory. You must comply with any terms, conditions, or other restrictions imposed by suppliers or service providers relating to the purchase or use of their products or services. You must maintain and use a sufficient inventory of supplies and equipment and enough vehicles to meet the standards we prescribe in the Manuals.

You must purchase a vehicle that meets our specifications. We have one approved vendor for the purchase of your vehicle. All graphics on the vehicles must be placed in accordance with our specifications, and the interior of all vehicles must be outfitted in accordance with our standards and specifications. You must purchase the vehicle upfit package from our affiliate, which is the only approved ~~vendor~~supplier for the upfit package and the items in it. Your vehicle must be wrapped to meet our specifications. You must purchase the wrap from our affiliate, who is the only approved ~~vendor~~supplier for the wrap. ~~All graphics on the vehicles must be placed in accordance with our specifications, and the interior of all vehicles must be outfitted in accordance with our standards and specifications.~~

~~To the extent that we establish specifications or designate specific suppliers for particular items, we will publish our requirements in the Manuals and will provide the specifications for the suppliers that we have approved. We may, at any time change, delete, or add to, any of our specifications or standards.~~ Our affiliate is also the only approved supplier of the installation services for the upfit package and the wrapping services. We do not approve alternate vendors for these services.

We estimate that 75% of your purchases and leases in establishing the Franchised Business and approximately 75% of your total purchases and leases in operating the Franchised Business will be subject to the restrictions described above.

~~No officer of GGF owns an interest in any supplier.~~

Approval Process. If you would like to (i) offer services that we have not approved, (ii) use any supplies, equipment, vehicle, or services that we have not approved, or (iii) purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We may inspect the proposed supplier's facilities and test samples of the proposed items ~~and~~ to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed item or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We can grant, deny, or revoke approval of items, services, suppliers, or service providers based solely on our judgment and we currently do not publish our criteria for granting approvals. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request.

We may reinspect the facilities and products of any approved supplier and reevaluate the services provided by any service provider and revoke approval of the product, service, supplier, or service

provider if any fail to meet any of our then-current criteria. If you receive a notice of revocation of approval, you must cease purchasing the formerly-approved item or service or any products or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct.

Location. You must maintain a business location which must be located in your Territory and which must be approved by us as suitable for the operation of the Franchised Business. If you operate multiple units in adjacent territories, you may elect to maintain a single business office in one of the territories. You may manage the Franchised Business from your home if it meets our requirements. Before entering into any lease, you must submit to us the proposed site lease and any information about the site that we request for our approval. We can require your lease to include any provisions that we may reasonably require, which we may specify in the Manuals or otherwise in writing. We reserve the right to require you to update your location periodically to meet our then-current standards.

Insurance. You must maintain at your expense in full force and effect throughout the term of your Franchise Agreement the types of insurance and the minimum policy limits specified in the Manuals. We must be named as additional insureds under each policy, except for policies required by statute in your jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. Our current insurance requirements and minimum coverages are: Premise-operations, \$2,000,000 (aggregate); Products - \$1,000,000 per occurrence; General Liability and advertising - \$1,000,000 per person/organization; Medical Expense - \$5,000 (one person); Fire - \$100,000; Auto (combined single limit \$1,000,000 each accident for auto in addition to hired and non-owned) - \$1,000,000 (occurrence); Workers' Compensation - optional.

Advertising and Promotional Materials. All of your advertising and promotional materials must meet our specifications and be approved by us. We are the sole supplier of website development and maintenance services. We are also the sole supplier for support and management services for any Internet Presence, including websites, business profiles and review platforms that we approve for your use. We are also the sole supplier of Demonstration Kits. We do not intend to approve other suppliers of these services or items.

Computer Software and Services. We ~~require you to utilize customer relationship management software in the operation of your franchised business. You must use our branded emails and financial management software. We also have an approved supplier for search engine optimization services.~~

~~We have~~ are the sole supplier ~~for the CRM of bookkeeping software discussed above~~ that you must use in your Franchised Business. We ~~also have~~ are the sole supplier ~~for the search engine optimization of payment processing services that~~ you must use in your Franchised Business. We are also the sole supplier for your ~~the~~ branded emails, ~~the financial management software~~ you must use in your Franchised Business, ~~and for your website management and maintenance services. We do not plan on approving other suppliers of these services.~~

Other than as discussed above, neither we nor any of our affiliates are currently the only approved supplier for any product or service you will use in your business.

Revenue from Purchases. We and our affiliates intend to make a profit on any products or services they or we provide to you. We and our affiliates may also derive revenue/rebates/ and/or other material consideration from your purchases of equipment, vehicles, marketing materials, supplies or other items from our approved suppliers. We will retain any rebates or other payments we receive from suppliers.

In our fiscal year ended December 31, ~~2023~~2024, we realized \$~~33,424~~32,739 in revenue from required franchisee purchases and leases, which accounted for approximately 3% of our total revenues of \$~~1,267,639~~1,039,056. [This information is taken from our internal financial statements.](#)

We are not involved in any purchasing or distribution cooperatives. We have negotiated franchisee pricing directly with manufacturers which is provided – generally as discounts to list pricing – directly to the franchisee from the manufacturer. We do not provide any material benefits to franchisees (for example, renewal or granting additional franchises) based upon their purchase of particular products or services or use of particular suppliers.

ITEM 9 FRANCHISEE’S OBLIGATIONS

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

	Obligation	Section in Franchise Agreement	Disclosure Document Item
	Site Selection and acquisition/lease	Section 5.8	Items 7, 11, 12
	Pre-opening purchases/leases	Sections 5.2 , 5.3, 5.5, 5.7, 5.10(e), 5.13 and 5.15 5.24	Items 6, 7, 8 and 11
	Pre Site development and other pre-opening requirements	Sections 4.2(a) , 5.1(b), 5.3, 5.5, 5.7 , 5.8, (a), 5.10(e)(f), 5.13 , 5.14 , 5.16 , and 5.15 5.24	Items 7, 8 and 11
	Initial and ongoing training	Sections 5.8 4.2 and 5.11 5.21	Items 6, 7 and 11
	Opening	Sections 5.1(b)	Items 5, 6 and 11
	Fees	Sections 3, 4.4, 4.5, 5.8(b) 4.8 , 5.11 5.16 , 5.13 5.21 , 5.15 5.29 , 5.27 5.31 , 5.37(c) and 5.37(f)	Items 5, 6, 7 and 11
	Compliance with standards and policies/Operations Manual	Sections 5.2 , 5.3 , 5.4 , 5.5 , 5.6 , 5.10 , 5.13 , 5.14 , 5.15 , 5.16 , 5.17 , 5.18 and	Items 7, 8, 11, 13, 14, 15 and 16

	Obligation	Section in Franchise Agreement	Disclosure Document Item
		5.30 Section 5	
	Trademarks and proprietary information	Sections 5.16 5.25 and 5.18 5.27	Items 13, 14 and 17
	Restrictions on products/services offered	Sections 5.2, 5.5, 5.6 and 5.9 5.15	Items 8 and 16
	Warranty and customer service requirements	Sections 1.3 1.4 , 4.11 5.15 , and 5.19	Items 8 and 16
	Territory development and sales quotas	Sections 1 and 5.1(a)	Items 5 and 12
	Ongoing product/service purchases	Sections 5.2, 5.3 , 5.4 , 5.5, and 5.6 5.30	Items 8 and 16
	Maintenance, appearance and remodeling requirements	Sections 5.3, 5.4, 5.8 , and 5.7 5.26	Items 7, 8 and 11
	Insurance	Section 5.15 5.24	Items 7 and 8
	Advertising	Sections 3.3 , 4.8 and 5.10 5.16	Items 6, 7, 8 and 11
	Indemnification	Section 5.25 5.35	Item 6
	Owner's participation/management/staffing	Recitals, Sections 5.1(a) , 5.8 , 5.11 , 5.21 , and 5.30 5.40	Items 11 and 15
	Records and reports	Sections 5.10(a) , 5.10(b) , 5.20 , 5.21 , 5.22 , 5.29 and 5.30	Items 6 and 17
	Inspections and audits	Sections 5.23 4.5 , 5.33 and 5.24 5.34	Items 6 and 11
	Transfer	Section 5.27 5.37	Items 6 and 17
	Renewal	Section	Item 17

	Obligation	Section in Franchise Agreement	Disclosure Document Item
		2.22.3	
	Post-termination obligations	Sections 5.27 <u>5.25(g)</u> and 7	Item 17
	Non-competition covenants	Section 5.26 <u>5.36</u>	Item 17
	Dispute resolution	Section 8	Item 17
	<u>Guaranty of franchisee obligations</u>	<u>Franchise Agreement, Exhibit E</u>	<u>Item 15</u>
	<u>Other: Guarantee of franchisee obligations</u>	<u>Not applicable.</u>	<u>Not applicable.</u>

ITEM 10 FINANCING

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

Initial Franchise Fee

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

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

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

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

Under the Promissory Note, you waive: (1) the right to claim or enforce any right of offset, counterclaim, recoupment or breach in any action brought to enforce your obligations under the Note (Section 6); (2) the right to demand, presentment for payment, notices of nonperformance or nonpayment, protest and notice of protest, notice of dishonor, diligence in bringing suit and notice of

acceleration (Section 7); (3) questions of governing law, personal jurisdiction and convenience of forum and venue (Section 12 and 14); (4) trial by jury (Section 13); and (5) all claims that you may have against us and any persons and entities related to us, other than our obligations under the Franchise Agreement, accruing on or before the date of the Promissory Note (Section 16). If any of the events of default described in Section 5 of the Note occur, the entire unpaid principal and accrued interest of the Note will become immediately due and payable without further notice. Under Section 8 of the Note, you must pay all of our expenses and costs of collection, including attorneys' fees and expenses, court costs, costs of sale and costs of maintenance and repair we incur in connection with the enforcement of the Note, collection of amounts due and sale or other disposition of any collateral.

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

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

ITEM 11

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

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

Our Pre-Opening Obligations

Before you begin operating your Franchised Business:

1. Designate Territory. We will designate your Territory. (Franchise Agreement - Recital ~~D~~)
2. Initial Training. We will provide our initial training program to you and ~~your Operating Principal (if any)~~ [one other person](#). See "Training", below in this Item. (Franchise Agreement - Section 4.2)
3. Opening Assistance. We will advise you as to initial orders of equipment and supplies and advise you as to establishment of business relationships with approved suppliers. (Franchise Agreement - Section 4.3)
4. Manuals. We will make available to you in electronic form our Operations Manual (Franchise Agreement - Section 4.1). As of December 31, ~~2023~~ [2024](#), the Operations Manual contained 66 pages. The Table of Contents of the Operations Manual is attached as Exhibit E to this Disclosure Document.
5. Supply Arrangements. We will designate sources for equipment and materials necessary for you to begin operating your Franchised Business. (Franchise Agreement – Section 4.6)
6. Software. We ~~will assist~~ [provide](#) you ~~in setting up your customer relationship with our bookkeeping software, financial management software, and four~~ [branded email, website and digital marketing presence and instruct you on the use of the same](#) [user licenses](#). (Franchise Agreement—Section ~~3.6~~ [3.4](#))

7. Launch Advertising. We will provide you with a template for your initial launch advertising plan. (Franchise Agreement – Section 4.8(~~fe~~))

8. Approve Opening. We will approve your commencing operation of your Franchised Business when you have met all of our pre-opening requirements. (Franchise Agreement - Section 5.1(b))

9. Upfit Package/Wrap. We will sell to you the Upfit Package for your vehicle and the wrap, including the installation services. (Franchise Agreement - Section 5.3)

We estimate that the typical length of time between signing a Franchise Agreement and beginning to perform Services for your Franchised Business is approximately ~~90~~120 days. Factors affecting this length of time include, among others: successful completion of initial training program; local ordinances or community requirements; your personal goals; issuance of all necessary licenses, permits and approvals; and procuring required insurance. You must begin offering Services for your Franchised Business within 120 days after signing the Franchise Agreement. (Franchise Agreement - Section 5.1). If you do not offer Services for your Franchised Business within 120 days after signing the Franchise Agreement, we may terminate the Franchise Agreement and we will retain any amounts you paid to us or our affiliates.

Ongoing Assistance

During the operation of your Franchised Business:

1. Additional Assistance. We will provide you with ongoing technical, managerial, and administrative advice and guidance by telephone, email, and other forms of communication from our office, as you may from time to time reasonably request. (Franchise Agreement – Section 4.4). Although we may provide you with suggestions for pricing of your Services and products we have no obligation to do so and you are solely responsible for setting these prices. Upon your request and our agreement, we will provide you with on-site extended assistance for on-site advice or training. You must pay for the travel and living expenses of our personnel who provide this assistance and our then-current consulting fee, which is currently \$500 per day for each person. (Franchise Agreement – Section 4.4). We have no obligation to develop products or services that you will offer to customers, improve or develop your Franchised Business, establish administrative, bookkeeping and inventory control procedures for your use or except as disclosed above, resolve operating problems you encounter.

2. Equipment, Supplies, and Services. We or our affiliates may make available to you to purchase from us or our designee on our then-current prices and terms additional equipment, as well as supplies. (Franchise Agreement - Section 4.6)

3. Review of Equipment, Supplies, and Suppliers. We will review your requests for approval of new supplies, equipment, services, or suppliers. (Franchise Agreement - Section 4.7 and 5.2)

4. Additional Training. We may periodically conduct advanced training programs for you and your Operating Principal at our office or another location that we designate. We may provide additional training in person, via shared online drives such as Dropbox, company specific online portals, via teleconference, via the Internet, or by any other means, as we determine. (Franchise Agreement - Section 4.2(b))

5. Advertising. Although we have no obligation to do so, we may periodically formulate, develop, produce, and conduct advertising or promotional programs in such form and media as we determine. We may make marketing materials that we create available to you to purchase. (Franchise Agreement - Sections 4.8(~~ba~~)):

6. Review Advertising. We will review your requests for approval of any advertising or promotional programs or materials you wish to use. If you do not receive our written approval within 10 business days from the date we receive the material, the material is deemed disapproved unless you again notify us in writing of your request and we fail to disapprove such request in writing within 5 business days after such second request is received by us, in which case approval is deemed granted. (Franchise Agreement – Section ~~5.10~~5.16(a))

7. Brand Fund Management. We will manage the Brand Fund as described below in this Item. (Franchise Agreement - Section 4.8(~~eb~~))

8. Manuals Updates. We may amend, modify, or supplement the Manuals at any time. You must promptly comply with revised standards and procedures after we transmit the updates. (Franchise Agreement - Sections 4.1 and ~~5.14~~5.23)

9. Meetings and Conferences. We may convene meetings of franchisees which are mandatory, as we may specify. The meetings may be held in person or remotely via teleconference or web seminar or any other means. (Franchise Agreement - Section 4.9)

10. Website. ~~We will manage the Granite Garage Floors~~Provide you with certain services as we may determine from time-to-time, including website development and manage a dedicated location page for customer leads to inquire about Services in~~maintenance services and support and management services for any Internet Presence we approve, such as a website, business profile or review platform, that we approve for your Territory~~use. (Franchise Agreement - Section ~~4.10 and 4.11~~5.17)

11. Inspection. We may periodically inspect the operation of your Franchised Business and advise you of its results. We may provide you with a written action plan that you must carry out after each inspection. (Franchise Agreement – Section 4.5)

12. Forms and Templates. We may provide you with various examples of forms and templates you may customize for use in your Franchised Business. (Franchise Agreement – Section 4.10)

13. Payment Processing Services. We will provide you with payment processing services that you must use in your business. (Franchise Agreement – Section 4.12)

14. Demonstration Kits. We will sell to you Demonstration Kits that you must use in your Franchised business. (Franchise Agreement – Section 5.31)

Advertising

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

General. You must obtain our advance written approval before using or producing any sales promotion materials, or advertising using any of the Marks, in whole or in part, that have not been prepared by or previously approved by us. We may require you obtain our approval in writing before you place and advertisements in any media, whether traditional media or digital media or social media. If any of your advertising within your Territory is in media that will or may reach a significant number of persons outside of your Territory, you must notify us in advance and obtain our consent. You must conduct all advertising in a dignified manner and to conform to the standards and requirements we specify in the Manuals. We will have the final decision on all creative development of advertising and promotional messages. If our written approval is not received within 10 business days from the date we received the material, the material is deemed disapproved unless you again notify us in writing of your request and we fail to approve or disapprove such request in writing within 5 business days after such second request is received by us, in which case approval is deemed granted. We can require you to discontinue the use of any advertising or marketing materials.

We may periodically formulate, develop, produce, and conduct advertising or promotional programs in the form and media we determine. We will make available to you for purchase marketing materials that we have prepared. (Franchise Agreement – Section 4.8(ed)) ~~You must also use our approved supplier of search engine marketing and optimization services. (Franchise Agreement – Section 3.6).~~

~~Although we have no obligation to conduct advertising, to date, our advertising has primarily consisted of driving traffic to the Granite Garage Floors website and local direct mail campaigns targeting specific demographics. Our advertising may be local, regional, or national in scope. We may employ a local, regional, or national advertising agency to produce advertising or may produce the advertisements in-house. We are not obligated to conduct any advertising or marketing programs within your Territory.~~

Brand Fund. We collect a monthly Brand Fund Fee. The Brand Fund Fee is 2% of your monthly Gross Sales. The Brand Fund Fee is non-refundable and is due at the time your royalty is required to be paid.

Brand Fund Fees are paid into the Brand Fund which is administered by us. The purpose of the Brand Fund is to develop programs that benefit the Granite Garage Floors brand. This means we may use monies in the Fund for any purpose that promotes the Granite Garage Floors name or any other names we choose to use in the System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Fund to pay for coaching and training for the franchisees in marketing, advertising, recruiting and sales. It is our responsibility to determine how monies in the Brand Fund are spent. (Franchise Agreement – Section 4.8(ba))

We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house; and decide which media to use, which may include Internet, print, radio, television, direct mail, or local in-store promotions. The Brand Fund is not audited but will prepare annual income and expense statements. Income and expense statements will be available to you upon request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. If any taxes become due based upon the activities of the Brand Fund, these taxes may be paid out of the funds in the Brand Fund. We can terminate the Fund only after all monies have been spent for advertising and promotion. As our franchise system expands, we may create an advertising council. (Franchise Agreement – Section ~~5.105.16~~5.16(b))

All Granite Garage Floors franchisees must contribute to the Brand Fund based on the terms of their Franchise Agreements. Neither we nor any of our affiliates have any obligation to contribute to the Brand Fund for Granite Garage Floors businesses operated by us or our affiliates. No portion of the funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of Granite Garage Floors franchises may be included in advertising and other items produced and/or distributed using the Brand Fund. We may collaborate with the advertising and marketing funds of certain franchise systems affiliated with us. There can be no assurance that the Brand Fund's participation in these collaborations and joint efforts will benefit Granite Garage Floors franchisees proportionately or equivalently to the benefits received by the other franchised businesses or the other franchised systems affiliated with us that also participate. We are not obligated to make proportionate expenditures of your contributions per market area or otherwise. (Franchise Agreement – Section 4.8(~~eb~~)). We do not guarantee that expenditures from the Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We may, but have no obligation to, loan amounts to the Fund and can determine the repayment obligation of the Fund, including interest rate of the loan and repayment terms, as we see fit.

~~We did not collect Brand Fund Fees in 2023.~~

In our fiscal year ended December 31, 2024 expenditures from the Brand Fund were used as follows: Content Creation – 1%, Marketing Coaching and Training – 85%, Marketing Services and Support – 14%.

Local Advertising. You must develop and conduct, at your own expense, your own local advertising programs. You must submit your marketing plan to us annually for review and approval. You must purchase from our approved suppliers the pre-opening marketing package that we prescribe. (Franchise Agreement – Section ~~5.105.16~~5.16(~~fc~~)). You must utilize our required digital marketing vendor. You must spend a minimum monthly average of \$3,000, ~~calculated on a rolling twelve month basis, on local advertising in the first 36 months after the Franchised Business begins operations. Beginning with the 37th month after beginning operations and continuing to the end of the term of the Franchise Agreement, you must spend a minimum average of \$2,000 per month,~~ calculated on a rolling twelve-month basis, on local advertising. This monthly spending is in addition to the payment of the Brand Fund Fee. (Franchise Agreement – Section ~~5.105.16~~5.16(~~fc~~)).

~~Websites. You are not authorized to have a website, blog or social media sites for your Franchised Business, to register any domain names related to the Granite Garage Floors concept, or to have a webpage related to your Franchised Business or on any third party website. We will centrally manage a website for the Granite Garage Floors concept and any social media efforts for the brand. You must, upon our request, provide us with promotional materials or information relating to your Franchised Business for us to include on our website.~~

Advertising Cooperatives. We currently do not have any advertising cooperatives, but we may implement one in the future. If we do, then participation may be required, and any money spent with the cooperative will go toward your local marketing requirement. The area of any cooperative will be determined by us based on geographical and advertising market factors at the time. Any franchisor or affiliate owned units within a cooperative must participate on the same basis as any Franchised Businesses. We have not yet determined how any fund contributions would be decided, but most likely based on an equal basis within a cooperative. The cooperative will be administered as determined by its members, but subject to our right to veto any decisions of the cooperative. We have the power to require cooperatives to be formed, changed, dissolved or merged. Any cooperative will be required to prepare annual financial statements which will be available for review by its members. Any cooperative will be governed based on written documents which will be available for your review.

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

Location

We do not provide you any assistance in selecting a site or negotiating a lease for your Franchised Business location. We do not generally own premises and lease them to you. You must operate from a location in your Territory unless you operate multiple contiguous franchised units, in which case we may allow you to operate multiple units in multiple territories from one location. Although your location must meet our specifications we do not conform the premises to local ordinances or building codes or obtain permits for you nor do we construct, remodel or decorate the location. You may manage the Franchised Business from your home if it is suitable for the management of the Franchised Business.

Computer Systems

You must obtain, install, and use, at your expense, the computer hardware, [mobile devices, tablets](#), software, on-line services, and communications links that we specify and periodically update in the Manuals. [You must subscribe to an Internet service provider or other electronic communication provider or service as we may require and otherwise meeting our standards and specifications. We will not integrate any third-party software or services to our systems.](#)

We currently do not have any required computer [hardware](#) requirements, except that you must own a personal computer with high-speed internet connection to the Internet and must have a dedicated digital business telephone number that is listed in telephone directories that we prescribe. ~~If you do not already own a personal computer, we estimate that it may cost you up to \$3,000 to purchase the necessary hardware and software. Neither we nor our affiliates act as vendors or suppliers of any hardware components.~~

~~We require you to utilize the customer relationship management~~

[You must obtain, maintain and use in your business the bookkeeping software and field service software we require, along with other software that we may specify in the operation of your franchised business.](#) ~~You must use our branded emails, the cost for~~ [from time to time.](#) The bookkeeping software, which [we provide to you,](#) is currently \$~~12.50~~⁵⁵ per month. [You must also pay us a Technology Fee. The Technology Fee is currently \\$650 per user/month.](#) We ~~require~~^{will provide} you ~~to use the financial~~

~~management software we specify, the~~ a tenant account for the field service software you must use in your Franchised Business and 4 branded email licenses you must use in your Business. If you need more license you must purchase them from us. The current cost for ~~which~~ the branded email licenses is currently \$15 per month per license. ~~We charge a monthly technology fee of \$95 to support our web management and maintenance services. We also require you to use our approved supplier for search engine optimization and digital marketing~~ You must also purchase payment processing services from us. The cost for these services ~~at a cost to you of~~ is \$495³⁵ per month. ~~We charge an initial fee of \$2,500 to set up your CRM, website and digital marketing presence~~ per account plus transaction fees. See Item 6 for more information.

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

You must maintain your computer system at your expense and must replace, upgrade, or update your computer system as we may require periodically. We will establish reasonable deadlines for implementation of any changes to our computer system requirements. We do not require you to enter into any maintenance, updating, upgrading, or support contracts for your computer systems, but we recommend that you do so. The vendor or supplier of the hardware components would typically provide such ongoing maintenance, updating, upgrading, or support services, the cost of which varies by vendor. There are no contractual limitations on our right to require you to make any upgrades or updates to your computer systems. This includes any computer equipment, mobile devices, point-of-sale software, field service software, accounting software, payment processing software, security software, communications software and marketing software. (Franchise Agreement – Section 5.10). All of your computer systems and other technology systems must meet our specifications and standards as they may change over time.

We will have independent access to the information that will be generated and stored in your computer systems. ~~We may access all data stored in these, including in any accounting or financial systems— you may maintain.~~ This data will include financial information, accounting information, customer data, and any other data about your business, with the exception of employment records. There are no contractual limitations on our right to access any of this information—data. (Franchise Agreement – Section 5.10).

Websites and Internet Use. We will establish an Internet Presence to promote the Franchised Business within the Territory. You must provide content for the Internet Presence as we request, including contact and address information, hours of operation, fees, photos, video, social media posts, and such other information about the products and services as we may require. We must approve any and all changes to this content. An “Internet Presence” includes any domain name, URL, website, webpage, landing page, portal, HTML document, online directory, online business profile, review and opinion page or site, social media or social networking site, profile, avatar, account or username, control panel, administrative platform, intranet, JotForm or other form or method of digital or electronic medium or method of communication. (Franchise Agreement, Section 5.17).

We can discontinue operation of an Internet Presence at any time without notice to you. We can modify our policies regarding your use of social media and Internet websites in connection with your Franchised Business as we deem necessary or appropriate. We or our affiliate, as applicable, are the sole owners of any Internet Presence, as well as any domain name related thereto and all content thereon, which includes all or a portion of any of the Principal Trademarks, or any word, phrase, or symbol confusingly similar thereto or variant thereof, as part of the domain name, username, account name, profile, or page reference.

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

We are the sole supplier of website development and maintenance services. We also provide digital marketing services. You must obtain from us support and management services for websites, business profiles and review platforms. The cost is \$115 per month, per territory.

Training by Us

You, your Operating Principal (if you are an Entity) must attend and satisfactorily complete our initial training program within ~~90~~120 days after executing the Franchise Agreement. You may not begin to operate the Franchised Business until you, your Operating Principal (if you are an Entity) and your designated employees have satisfactorily completed our initial training program. You and your Operating Principal (if any) are entitled to attend our initial training without charge, but we may charge a fee for additional attendees. The enrollment of additional attendees is dependent on whether space is available in a given training session. You are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees. Training may occur in our offices, at your location, or at such other location as we may designate. The initial training program and the training discussed below are for the purpose of protecting the goodwill related to the Granite Garage Floors franchise system and the Marks and not to control the day-to-day operation of your Franchised Business.

The initial training program consists of approximately 30 hours of virtual classroom instruction and 50 hours of on-site field training at a location we designate. We will provide the initial training program as soon as practicable after you sign your Franchise Agreement. We do not provide training on a set schedule; it is offered as soon as possible based on the schedule of our trainers and your schedule. You and your Operating Principal, if any, must complete training to our satisfaction in our sole discretion. If you or your Operating Principal fail to complete training to our satisfaction, we may terminate the Franchise Agreement and retain all amounts you have paid to us and our affiliates.

Our initial training program is described in the following chart:

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
History/Philosophy of GGF	1	0	Virtual
Use of the Manual	1	0	Virtual
Services Provided to GGF Franchisees	1	0	Virtual
Pre-Opening Procedures	2	0	Virtual
Sales Procedures	3	2	Virtual / Designated Location
People Systems /	3	2	Virtual / Designated

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Recruitment			Location
Operating Procedures	4	2	Virtual / Designated Location
Marketing	5	0	Virtual
Installation Procedures	6	42	Virtual / Designated Location
Management Procedures	8	2	Virtual / Designated Location
TOTALS	34	50	Virtual / Designated Location

The hours listed in the table above are subject to change depending on your background and progress during training.

We use the Operations Manual, PowerPoint presentations, Vimeo video, and hands on demonstrations as instructional materials in our training programs. Jimmy McGhee is the primary instructor for our initial training program. Mr. McGhee has more than 25 years of experience as a contractor, with specific experience in product selection, product installation, general construction and sales. Mr. McGhee currently leads our technical support and has worked with us since 2021.

You must ensure that subsequent staff that you employ to operate your Franchised Business or perform services are trained according to our standards as specified in the Manuals.

The initial training program and the training discussed below are for the purpose of protecting the goodwill related to our Granite Garage Floors franchise system and the Marks and not to control the day-to-day operation of your Franchised Business.

Additional Training. We currently charge \$500 per day to train persons who are repeating the initial training program or to train a replacement for someone who did not pass the initial training program and for initial training for subsequent Operating Principals or employees who attend the initial training program. You are also responsible for the travel and food expenses incurred by our trainer.

We may periodically conduct advanced training programs for you, your Operating Principal, and/or your employees at our office or another location that we designate, and we may require that you attend these programs. There will be no charge for training programs that we require you or your employees to attend, but we will charge you \$500/day plus expenses for optional training programs. We may provide additional training in person, GGF Shared Drive i.e. Dropbox or other company specific online portals, via teleconference, via the Internet, or by any other means, as we determine. During all training, you are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees.

ITEM 12 TERRITORY

At the time you sign your Franchise Agreement we will specify a “Territory”, in which you will operate your Franchised Business. Typically, a Territory will be a geographic area that may be described, for

example, by any or all of the following: a radius from your location or a location on a map, zip codes, a county or several counties or possibly an entire metropolitan area. The Territory will include a minimum population of 250,000 households.

We cannot change or otherwise modify your Territory during the term of your Franchise Agreement although if you fail to pay the Minimum Monthly Royalties as outlined in Item 6 of this Disclosure Document we can terminate your Franchise Agreement.

Your location for your Franchised Business, which may be your home, subject to applicable law, must be located in your Territory, or if you have multiple units with multiple adjacent territories, within one of those territories. You must provide us with written notice if you wish to change the address of your location. If you choose to relocate your Franchised Business, the new location must meet our then-current requirements for locations including that it is located in your Territory and that it is fitted and constructed in accordance with our specifications.

We will not operate a Granite Garage Floors business, or grant franchises for the operation of a Granite Garage Floors Franchised Business, that is physically located in the Territory. Except as described in the prior sentence, we and our affiliates may engage in any business activities, under any name or mark, in any geographic area, and at any location, regardless of the proximity to or effect on your Territory or Franchised Business. For example, we have the right: (i) to establish franchises and/or company-owned businesses in the Territory providing identical or similar and Services under names and marks other than the Marks; (ii) to advertise or authorize others to advertise anywhere, using the Marks; (iii) to establish or license businesses under the Marks, at any location outside of your Territory; (iv) to sell or license others to sell Services through alternative distribution channels, including e-commerce, using the Marks or otherwise, whether in the Territory or outside of it; (v) to acquire, be acquired by, or merge with other companies regardless of if the acquirer is selling the same or similar services to the Services in the Territory or otherwise; and (vi) if you do not respond to a potential customer lead we provide you by the end of the next business day after the lead is received by you, we may contact the potential customer for Services or refer the potential customer to another franchisee and we or that franchisee may perform the Services in your Territory for that customer.

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

As discussed above, we have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales with your Territory under the Marks or under different trademarks. We will not pay you any compensation for soliciting or making sales to customers located inside your Territory. You do not have the right to open additional Franchised Businesses nor do you have any rights of first refusal to acquire additional franchises.

Without our prior consent, you may not solicit or accept orders from customers outside of your Territory nor do you have the right to use any other channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing to make sales outside of your Territory. If we consent to you making sales outside of your Territory, you must immediately cease doing so if we subsequently withdraw our consent. If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately cease soliciting customers in the formerly unassigned territory, but you may continue servicing existing customers in the territory with respect to existing sales orders or contracts. You must provide us with all customer information that you acquire relating to the formerly unassigned territory, which we shall in turn provide to the new franchisee.

Neither we nor any affiliate operates, franchises, or has plans to operate or franchise a business under a trademark different from Granite Garage Floors that will sell goods or services similar to those you will offer.

**ITEM 13
TRADEMARKS**

The principal trademarks that you will use in the operation of your Franchised Business are the Granite Garage Floors name and logo. We may also authorize you to use other marks periodically. You may only use in your Franchised Business the Marks we designate, and only in compliance with written rules that we prescribe periodically.

We own the following marks, which are registered on the Principal Register of the United States Patent and Trademark Office (the “USPTO”):

Mark	Registration No.	Registration Date
GRANITE GARAGE FLOORS	5,428,416	March 20, 2018
	5,428,417	March 20, 2018
DOES YOUR GARAGE FLOOR NEED A MAKEOVER?	5,661,298	January 22, 2019
<u>LOOKS & LASTS LIKE GRANITE</u>	5,661,303	January 22, 2019

If our right to use any Mark is challenged, we may require you to change to an alternative mark, which may increase your expenses. We have filed, as applicable, all required affidavits with the USPTO.

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks. We know of no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. There are no agreements currently in effect which significantly limit our right to use the Marks. We are aware of no superior rights or infringing uses that could materially affect the use of the Marks in any state.

You must notify us promptly of any unauthorized use of the Marks of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use any of the Marks. We will take the action, if any, we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Marks, including,

but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Marks. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we determine that you have used the Marks in accordance with the Franchise Agreement, we will reimburse you for the cost of defense and the cost of any judgment or settlement. In the event of any litigation relating to your use of the Marks, you must take the actions we may, require to carry out such defense or prosecution. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of the Franchise Agreement or the Manuals, we agree to reimburse you for your out-of-pocket costs in doing such acts.

We have the right, upon reasonable notice, to change, discontinue, or substitute for any of the Marks and to adopt new trademarks for use with the System. You must implement any of these changes at your own expense within the time we reasonably specify.

ITEM 14 PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We own no rights in, or licenses to, any patents or patent applications that are material to the franchise.

We own no rights in, or licenses to, any copyrights that are material to the franchise. We and our affiliates have not registered any copyrights with the United States Copyright Office. However, we and/or our affiliates claim copyrights with respect to our advertising materials, marketing materials, training materials, signs, website, Manuals, software (if we create it in the future), as well as other materials we, our affiliates, or our franchisees may periodically develop. There are no determinations of the United States Copyright Office or any court regarding any of our copyrights.

Any copyrights used by you in your Franchised Business belong solely to us. You must notify us promptly of any unauthorized use of our copyrights of which you have knowledge or of any challenge to the validity of our ownership of or our right to license others to use any of our copyrights. We will take the action we believe to be appropriate. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to our copyrights, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any such action. You must execute all documents and render any other assistance we or our affiliate may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the copyrights. If we request, you must discontinue the use of the subject matter covered by any copyright used in connection with the Franchised Business.

During the term of your Franchise Agreement, we may disclose in confidence to you, either orally or in writing, certain trade secrets, know-how, and other confidential information (collectively, "Proprietary Information") relating to the System, our business, or the management, operation, or promotion of the Franchised Businesses. You may not, nor may you permit any person to, use or disclose any Proprietary Information (including without limitation all or any portion of the Manuals) to any other person, except to the extent necessary for your professional advisors and employees to perform their functions in the operation of the Franchised Business. You must take reasonable precautions to protect the Proprietary Information from unauthorized use or disclosure and must implement any systems, procedures, or training programs that we require. [You may not use our Proprietary Information or Marks, or any part of](#)

the System, our manuals or any information in them, for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence (“AI”) model, algorithm improvement, or similar data aggregation activities. You may not input any of our Proprietary Information, including any aspect of the System and any information contained in our manuals, into any generative AI platform, or disclose this information to any provider or source of generative AI services. You must opt out of allowing any provider or source of generative AI to utilize our Proprietary Information, any part of the System, our manuals, or any information in them, for training of any AI model or for other purposes.

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

If you are an Entity, you may appoint an individual owner as your Operating Principal. Any individual with any equity interest in your Entity may be eligible to become your Operating Principal. The Operating Principal must complete our initial training program, must have authority over all business decisions related to your Franchised Business, and must have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval. You or your Operating Principal must at all times be supervising the operation of your Franchised Business.

Each individual with a direct or indirect ownership interest in your Entity, including a franchisee’s spouse, must sign the Payment and Performance Guarantee (the “Guarantee”) attached to the Franchise Agreement, assuming and agreeing to discharge all obligations of the franchisee under the Franchise Agreement as if they were the franchisee in the agreement, including the confidentiality and noncompete provisions.

ITEM 16
RESTRICTIONS ON WHAT YOU MAY SELL

In your Franchised Business, you may offer to provide only the Services we have approved in writing. We may change the authorized Services, without limitation, and we may designate specific Services as optional or mandatory. You must offer all Services that we designate as mandatory. If we authorize another franchisee to offer a certain type of service, we are not obligated to authorize you to offer such Service.

Except as described below, you may only offer and perform Services for customers located in your Territory. You may not directly solicit or provide Services to a customer located outside of your Territory without our prior written consent. “Solicitation” includes solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards, or other materials. If we consent to you making sales outside of your Territory, you must immediately cease doing so if we withdraw our consent. If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately cease soliciting customers in the formerly unassigned territory, however you may continue servicing your current existing customers in the territory with respect to existing sales orders or contracts.

We impose no restriction on customers within your Territory that you may serve at your Franchised Business. However, you may not sell or offer to sell Services through any wholesale, e-commerce, or other alternative channel of distribution besides the retail operation of your Franchised Business.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table below lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise Agreement	Summary
Length of the franchise license term	Section 2.1	10 years from the Effective Date of your Franchise Agreement.
Renewal or extension of the term	2.2 2.3	If you <u>are in good standing and you</u> meet the <u>our specified</u> conditions, <u>including signing our then-current franchise agreement,</u> you may renew your franchise for <u>an</u> one additional term of 10 years <u>equal to the then-current term being offered new franchisees coming into our franchise system at that time.</u>
Requirements for you to renew or extend	2.2 2.3	You have notified us of your intent to renew at least 6 months in advance; you have signed our then-current form of franchise agreement, which may have materially different terms and conditions than your original Franchise Agreement; you have refurbished and upgraded your Office, Warehouse and vehicles to our then-current specifications; you have satisfied all monetary obligations owed by you to us, our affiliates and your suppliers; you, your Operating Principal, and designated employees have completed our then-current training requirements; you have substantially complied with the Franchise Agreement during the term; no Event of Default (as defined in the Franchise Agreement) or event which, with the giving of notice or passage of time or both, would become an Event of Default, exists; you have not received 3 or more Event of Default notices during the term of your Franchise Agreement; and you have paid us renewal fee of \$1,500. You must sign our then-current Renewal Amendment to Franchise Agreement, which includes a general release, the current form of which is attached as an exhibit to the Franchise Agreement.
Termination by you	None	Not applicable.
Termination by us without cause	None	Not applicable.

Provision	Section in Franchise Agreement	Summary
Termination by us with cause	Section 6.1 Section 8 of Multi-Territory Development Addendum	We can terminate only if you default (see (g) and (h) below). We can immediately terminate the Franchise Agreements for any territories in which you have not commenced operations if any other Franchise Agreement in which you commenced operations is terminated.
“Cause” defined – curable defaults	Section 6.1	You have (A) 10 days after written notice to cure the non-payment of any amounts owed to us or our affiliates or your failure to make sufficient funds available to us; (B) 24 hours to cure non-compliance with any law, regulation or ordinance which results in a threat to the public’s health or safety; (C) the cure period allowed by any supplier to pay such supplier all non-contested obligations; and (D) 20 days to cure a failure to comply with any other provision of the Franchise Agreement not described above or in (h) below.
“Cause” defined non-curable defaults	Section 6.1	You make a material misrepresentation to us; you fail to permit us to inspect or audit your books and records; you fail to timely file reports 3 times in 12 months; you, your Operating Principal, or your designated employees fail to satisfactorily complete our initial training program within 120 days of signing your Franchise Agreement ; you fail to begin operating your Franchised Business by the date we require within 120 days of signing your Franchise Agreement ; you suspend operations of your Franchised Business for more than 5 days without our consent unless we determine, that the failure was beyond your control; you misuse the Marks; non-permitted disclosure of Proprietary Information by you or your disclose disclose ; you become insolvent or bankrupt; you or any of your owners or officers or directors is convicted of a crime involving moral turpitude or consumer fraud or any other crime or offense which impairs the goodwill associated with the Marks; you or any of your Owners violates the transfer provisions of the Franchise Agreement; you or any of your owners violates the noncompete covenants of the Franchise Agreement; you default under any other agreement, including any other franchise agreement, with us or our affiliates if the default would permit the termination of that agreement; failure to transfer interest in Franchise Agreement within 180 days after the date of

Provision	Section in Franchise Agreement	Summary
	<p style="text-align: center;"><u>Section 7 - Multi-Territory Development Addendum</u></p>	<p>death or appointment of a personal representative or trustee; breach or Franchise Agreement 3 or more times in any 18-month period, regardless of if breaches have been cured; <u>withhold our access to systems that we need to access to determine Gross Sales, revoke our authorization to debit your account for amounts you owe us or stop payment.</u></p> <p style="text-align: center;"><u>If Franchise Agreement includes a Multi-Territory Development Addendum and we terminate the Franchise Agreement because you miss the development deadline or for any other reason after you commence operations, we can also terminate all other Franchise Agreements where operations have not been commenced.</u></p>
Your obligations on termination/non-renewal	Section 7	Pay all amounts due to us and our affiliates; discontinue use of the Marks, copyrights, and the System; return Proprietary Information, personal data, and Manuals; refrain from disclosing Proprietary Information; cancel assumed name registration; transfer telephone number; post office boxes, and directory listings; provide us with an opportunity to purchase certain goods and to assume your lease; complete de-identification of Franchised Business; promote a separate identity; and comply with noncompete covenants.
Assignment of contract by us	Section 4.12	No restriction on our right to assign.
“Transfer” by you – definition	Section 5.27 <u>5.37</u> (a)	Includes transfer of any interest in the Franchise Agreement, the license to use the System and the Marks, the Franchised Business or substantially all of the assets of the Franchised Business, or any interest in the ownership of you (if you are an Entity).
Our approval of transfer by you	Section 5.27 <u>5.37</u> (b)	We have the right to approve all transfers, but will not unreasonably withhold our approval.
Conditions for our approval of transfer	Section 5.27 <u>5.37</u> (c)	All of your monetary obligations are satisfied; you are not in breach; sign our then current Conditional Consent to Transfer Agreement, which includes a general release, the current form of which is attached as Exhibit H to this Disclosure Document; you agree to noncompetition provisions and obligations relating to confidentiality; you remain liable for obligations

Provision	Section in Franchise Agreement	Summary
		incurred or arising prior to the transfer; you pay us the Transfer Fee; new franchisee agrees to discharge all of your obligations; new franchisee qualifies, meets training requirements and signs then-current franchise agreement; new franchisee upgrades the Franchised Businesses to our then-current specifications; new franchisee covenants to continue to operate under the Marks and the System; new franchisee's owners execute our then-current form of personal guarantee; sale must include all material assets of the Franchised Business.
Our right of first refusal to acquire franchisee's business	Section 5.27 <u>5.37</u> (g)	We can match any offer for your Franchised Business, the Franchised Business' assets, or any ownership interest, except for certain transfers to spouses, children, or existing owners.
Our option to purchase your business	Sections 7.5 and 7.6	After the Franchise Agreement terminates or expires, we can purchase any or all of the assets of the Franchised Business for the fair market value of the assets, less any amounts then owing to us. We also have the right to assume your lease for the location of your Franchised Business.
Death or disability of you	Section 5.27 <u>5.37</u> (f)	Executor or representative must apply for our consent to transfer your interest to a third party and must complete the transfer within 180 days.
Non-competition covenants during the term	Section 5.27 <u>5.37</u> (a)	No involvement in any business that offers products or services relating to the sale or installation of epoxy or other garage floor coatings at any location by any means including, sales via the Internet or catalogs ("Competitive Business"), or that grants franchises or licenses for a Competitive Business; no diverting customers or potential customers to any Competitive Business; no acts injurious to our goodwill.
Non-competition covenants after the Franchise Agreement is terminated or expires	Section 5.27 <u>5.36</u> (b)	For 2 years after the expiration or termination of your Franchise Agreement, you may not be involved in any Competitive Business within your Territory, including one operated from any location out of which you operated, or a 50 mile radius of your Territory, or any business or other venture that is located at or within any of the above that is granting franchises or licenses for Competitive Business wherever located, or that is located outside of this area but is granting franchises or license for Competitive Businesses to be located in this area; no diverting customers or potential customers to any Competitive Business.

Provision	Section in Franchise Agreement	Summary
Modification of the agreement	Section 9.2	Except for modifications to the Manuals, no modifications unless agreed to in writing by both parties.
Integration/ merger clause	Section 9.1	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
Dispute resolution by arbitration or mediation	Section 8.28	Except for certain claims, all disputes must first be submitted to mediation in Ohio . If the mediation is unsuccessful, the dispute must be arbitrated at the office of the American Arbitration Association closest to our principal executive office. (Subject to applicable state law)
Choice of forum	Section 8.1 (a)	Litigation must be brought in the state court in which our principal place of business is located at the time such proceeding is filed or in the federal district court for courts located in the district state in which our principal place of business office is located at the time such proceeding is filed . (Subject to applicable state law)
Choice of law	Section 8.3	Ohio law applies. (Subject to applicable state law)

**ITEM 18
PUBLIC FIGURES**

We do not use any public figure to promote our franchises at this time.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

As of December 31, 2024 there were 24 franchises operating 55 territories in the Granite Garage Floors franchise system. The chart immediately below reflects ~~actual annual~~ historical Gross Revenue and number of jobs information for the ~~calendar year~~ 12-month period ended December 31, ~~2023~~ 2024 for the ~~4420~~ 4420 Granite Garage Floors franchises operating 49 territories ~~in service during this period.~~ ~~We have excluded one Franchised Business that opened during December 2023 and one Franchises Business that~~

~~closed during 2023. The Franchised Business that closed was.~~ This constitutes all franchises that were open and operating for the entire 12 month period ended December 31, 2024. The first of these franchises opened in 2013 and the most recent opened in 2024. We have excluded 4 franchises operating 6 territories that were not open for ~~12~~the full twelve months ~~before closing~~. No franchises permanently closed as a Granite Garage Floor franchise in 2024.

Our current territory offering is a territory with approximately 250,000 households. For franchisees included in the chart below who had territories larger than 250,000 households, we have broken their territories into approximately 250,000 households and included below is the number of territories each franchisee would have.

We have broken this Item 19 into 3 sections. Section A provides Gross Revenue information for the 12-month period ended December 31, 2024 for the 20 Granite Garage Floors franchises operating 49 territories, as discussed above. Section B provides this same information by quartile ranking these franchises by Gross Revenue in descending order, and also includes the number of jobs during this 12-month period of each franchise in each quartile. The average and median Gross Revenue information in this Section is for those franchises in each quartile. Section C provides this same Gross Revenue and jobs information but separates the franchises by date opened as a Granite Garage Floor, providing the information for those franchises that had been open for more than 7 years as a Granite Garage Floor, more than 4 but less than 7 years, and less than 4 years, all as of December 31, 2024.

2024 FRANCHISE GROSS REVENUE

SECTION A – TOTAL FRANCHISE GROSS REVENUE

	<u>Gross Revenue</u>	<u># of Territories</u>
Average Gross Revenue	\$735,405	49
Highest Gross Revenue	\$2,967,726	5
Lowest Gross Revenue	\$134,193	1
# / of Franchises At or Above Average Gross Revenue	9/20 (45%)	1
Median Gross Revenue	\$476,492	

SECTION B – FRANCHISE GROSS REVENUE AND JOBS INFORMATION BY QUARTILE

<u>First Quartile</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>
Franchise No. 1	\$2,967,726	578	5
Franchise No. 2	\$1,398,607	330	7
Franchise No. 3	\$1,397,648	271	5
Franchise No. 4	\$1,179,763	195	5
Franchise No. 5	\$1,022,735	187	1
Average Gross Revenue: \$1,593,296			
No./% of Franchises At or Above Average Gross Revenue: 1/20%			
High/Low Gross Revenue: \$2,967,726 /\$1,022,735			
Median Gross Revenue: \$1,397,648			
<u>Second Quartile</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>

Franchise No. 6	\$942,187	188	1
Franchise No. 7	\$927,494	232	2
Franchise No. 8	\$873,911	178	6
Franchise No. 9	\$753,352	34	1
Franchise No. 10	\$549,750	231	2
Average Gross Revenue: \$809,339			
No./% of Franchises At or Above Average Gross Revenue: 3/60%			
High/Low Gross Revenue: \$942,187/\$549,750			
Median Gross Revenue:\$873,911			
<u>Third Quartile</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>
Franchise No. 11	\$403,233	83	1
Franchise No. 12	\$383,932	124	1
Franchise No. 13	\$351,078	118	1
Franchise No. 14	\$328,197	78	2
Franchise No. 15	\$327,031	140	1
Average Gross Revenue: \$358,694			
No./% of Franchises At or Above Average Gross Revenue: 2/40%			
High/Low Gross Revenue: \$403,233 / \$327,031			
Median Gross Revenue: \$351,078			
<u>Fourth Quartile</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>
Franchise No. 16	\$240,620	55	4
Franchise No. 17	\$194,127	39	1
Franchise No. 18	\$176,701	27	1
Franchise No. 19	\$155,819	42	1
Franchise No. 20	\$134,193	25	1
Average Gross Revenue: \$180,292			
No./% of Franchises At or Above Average Gross Revenue: 2/40%			
High/Low Gross Revenue: \$240,620 / \$134,193			
Median Gross Revenue: \$176,701			

**SECTION C – FRANCHISE GROSS REVENUE AND JOBS
INFORMATION BY YEAR OPENED**

<u>Franchises open more than 7 years</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>
2011 (Year Opened)	\$2,967,726	578	5
2013	\$1,398,607	330	7
2013	\$1,397,648	271	5
2013	\$1,179,763	195	5
2014	\$873,911	178	6
2017	\$1,022,735	187	1
2017	\$942,187	188	1

Average Gross Revenue: <u>\$1,397,511</u>		<u>Number above average</u>	<u>3/7 (43%)</u>
<u>No./% of Franchises At or Above Average Gross Revenue: 3/43%</u>			
<u>High/Low Gross Revenue: \$2,967,726 / \$873,911</u>			
<u>Median Gross Revenue:\$1,179,763</u>			
<u>Franchises open 4 to 7 years</u>	<u>2024 Gross Revenue</u>	<u>2024 Number of Jobs</u>	<u># of Territories</u>
<u>2018</u>	<u>\$327,031</u>	<u>140</u>	<u>1</u>
<u>2018</u>	<u>\$328,197</u>	<u>78</u>	<u>2</u>
<u>2019</u>	<u>\$927,494</u>	<u>232</u>	<u>2</u>
<u>2019</u>	<u>\$753,352</u>	<u>34</u>	<u>1</u>
<u>2020</u>	<u>\$403,233</u>	<u>83</u>	<u>1</u>
<u>Average Gross Revenue: \$547,861</u>			
<u>No./% of Franchises At or Above Average Gross Revenue: 2/40%</u>			
<u>High/Low Gross Revenue: \$927,494 / \$327,031</u>			
<u>Median Gross Revenue Open: \$403,233</u>			
<u>Franchised Businesses Open More Than 1 Year but less than 4 years</u>	<u>Gross Revenue</u>	<u>Number of Jobs</u>	<u># of Territories</u>
<u>2022</u>	<u>\$194,127</u>	<u>39</u>	<u>1</u>
<u>2023</u>	<u>\$240,620</u>	<u>55</u>	<u>4</u>
<u>2023</u>	<u>\$549,750</u>	<u>231</u>	<u>2</u>
<u>2023</u>	<u>\$383,932</u>	<u>124</u>	<u>1</u>
<u>2023</u>	<u>\$176,701</u>	<u>27</u>	<u>1</u>
<u>2023</u>	<u>\$155,819</u>	<u>42</u>	<u>1</u>
<u>2023</u>	<u>\$134,193</u>	<u>25</u>	<u>1</u>
<u>Average Gross Revenue: \$273,278</u>			
<u>No./% of Franchises At or Above Average Gross Revenue: 3/38%</u>			
<u>High/Low Gross Revenue: \$549,750 / \$134,193</u>			
<u>Median Gross Revenue: \$217,374</u>			

NOTES:

1. “Gross Revenue” for purposes of this Item 19 means all revenues from the sales of goods and services, less refunds and allowances. This is consistent with the definition used in the Franchise Agreement for Gross Sales.

Franchised Business	2023 Gross Revenue	2023 Number of Jobs	# of Territories
Asheville	\$94,605	21	1
Baltimore	\$1,409,812	328	7
Boston	\$122,904	34	1
Charlotte	\$851,911	246	2
Chattanooga	\$387,908	97	1
Denver	\$1,607,701	384	5
Durham/Richmond	\$790,404	249	1
Kansas City	\$1,236,741	281	5

Franchised Business	2023 Gross Revenue	2023 Number of Jobs	# of Territories
Nashville	\$847,835	171	1
Norfolk	\$667,813	203	1
Omaha	\$876,563	168	1
Ocala	\$234,384	85	1
Orlando	\$422,231	123	2
Phoenix	\$390,936	122	1
San Antonio	\$134,948	42	1
San Fernando Valley	\$34,525	19	1
Sarasota	\$269,234	125	2
South Florida	\$393,969	198	1
West Dallas	\$205,689	60	4

~~The chart immediately below reflects actual annual Gross Revenue for the calendar year ended December 31, 2023 for the Granite Garage Floors business operated by our affiliate. This location was sold by our affiliate after the close of business on December 31, 2023, but was operated by our affiliate for the entire calendar year 2023. There are no financial or operational characteristics of this business that are reasonably anticipated to differ materially from the Granite Garage Floors Franchised Businesses offered under this Disclosure Document.~~

Affiliate Owned Business	2023 Gross Revenue	# of Territories
Atlanta	\$2,843,319	5

2. The dollar amounts shown in the charts above have been rounded to the nearest dollar and the percentages to the nearest percentage.

3. The information contained in this Item 19 is based upon revenue and jobs information reported to us by the franchisees.

4. The above figures, which reflect Gross Revenue, not profits, were calculated based upon information reported to us by our franchisees. The figures do not reflect all costs of sales, operating expenses or other costs and expenses that must be deducted from the Gross Revenue figures to obtain net income or profit.

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

6. Upon your written request, we will make available to you written substantiation of the data used in preparing this data.

Other than the preceding financial performance representation, Granite Garage Floors Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting ~~JoAnne Ryan at 17700 Saint Clair Avenue, Cleveland~~ [Kelli Schroeder, 77 North Washington Street, Boston, MA 02114, \(587\) 617-4301 ext 205997-4729](mailto:Kelli.Schroeder@kellischroeder.com); the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

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

**Table No. 1
Systemwide Outlet Summary
For Fiscal Years ~~2021~~2022 to ~~2023~~¹2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	12	14	+2
	2022	14	14	0
	2023	14	44	+30
	<u>2024</u>	<u>44</u>	<u>55</u>	<u>+11</u>
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	0	-1 ²
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	2021	13	15	+2
<u>Total</u>	2022	15	15	0
	2023	15	44	+30
	<u>2024</u>	<u>44</u>	<u>55</u>	<u>+11</u>

- ~~1. As of December 31 of the applicable year.~~
- ~~2. This outlet was owned by our affiliate.~~

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
For Fiscal Years ~~2021~~2022 to ~~2023~~¹2024**

State	Year	Number of Transfers
<u>Florida</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>1</u>
Texas	2021	0
	2022	0
	2023	1
	<u>2024</u>	<u>0</u>
Total	2021	0
	2022	0
	2023	1
	<u>2024</u>	<u>1</u>

- ~~1. As of December 31 of the applicable year.~~

Table No. 3
Status of Franchised Outlets
For Fiscal Years ~~2021~~2022 to 2023⁺2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AZ	2021	0	1	0	0	0	0	1
<u>AZ</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
CA	2021	0	0	0	0	0	0	0
<u>CA</u>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
CO	2021	1	0	0	0	0	0	1
<u>CO</u>	2022	1	0	0	0	0	0	1
	2023	1	4	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
FL	2021	2	1	0	0	0	0	3
<u>FL</u>	2022	3	0	0	0	0	0	3
	2023	3	3	1	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
GA	2021	0	0	0	0	0	0	0
<u>GA</u>	2022	0	0	0	0	0	0	0
	2023	0	5	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
KS	2021	1	0	0	0	0	0	1
<u>KS</u>	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
MA	2021	0	0	0	0	0	0	0
<u>MA</u>	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
MD	2021	1	0	0	0	0	0	1
<u>MD</u>	2022	1	0	0	0	0	0	1
	2023	1	6	0	0	0	0	7
	<u>2024</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
MO	2021	0	0	0	0	0	0	0
<u>MO</u>	2022	0	0	0	0	0	0	0
	2023	0	3	0	0	0	0	3
	<u>2024</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
NE	2021	1	0	0	0	0	0	1
<u>NE</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
NC	2021	2	0	0	0	0	0	2
<u>NC</u>	2022	2	0	0	0	0	0	2

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Re-acquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
	2023	2	3	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
<u>SC</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TN	2021	20	02	0	0	0	0	2
	<u>2024</u>							
<u>TN</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	<u>2024</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
TX	2021	1	0	0	0	0	0	1
<u>TX</u>	2022	1	0	0	0	0	0	1
	2023	1	4	0	0	0	0	5
	<u>2024</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
VA	2021	1	0	0	0	0	0	1
<u>VA</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	<u>2024</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TOTAL	2021	12	2	0	0	0	0	14
Total	2022	14	0	0	0	0	0	14
	2023	14	31	1	0	0	0	44
	<u>2024</u>	<u>44</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>55</u>

1. — As of December 31 of the applicable year. Table No. 4
Status of Company-Owned Outlets

For Fiscal Years ~~2021~~2022 to ~~2023~~¹2024

State	Year	Company-Owned Outlets at Start of Year	Company-Owned Outlets Opened	Company-Owned Outlets Reacquired from Franchisee	Company-Owned Outlets Closed	Company-Owned Outlets Sold to Franchisee	Company-Owned Outlets at End of the Year
Georgia ²	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	1	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

1. — All numbers are as of December 31 of the applicable year.

2. — This outlet was owned by our affiliate.

Table No. 5
Projected Openings as of December 31, ~~2023~~2024

State	Franchise Agreements Signed But Outlet Not Opened <u>as of December 31, 2024</u>	Projected New Franchised Outlets in the Next Fiscal Year 2025	Projected New Company-Owned Outlets in the Next Fiscal Year 2025
CT	0	1	0
CA	0	2	0
CO	1	1	0
FL	1 0	2	0
GA	0	2	0
KY	1	2	0
KS	0	1	0
NY	0	1	0
SC	1	1	0
TN	0	1	1 0
WA	1	0	0
TX	0	1	0
VA	0	1	0
Totals	<u>42</u>	11 <u>9</u>	0

Current and Former Franchisees. We have attached as Exhibit G a list of the names of all current ~~franchisees (each of which operates a Granite Garage Floors Franchised Business)~~ franchisees and the address and telephone number of their Franchised Businesses. The name ~~and last known address, city, state,~~ and telephone number of every franchisee who had a unit terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the ~~disclosure document~~ Disclosure Document issuance date, are listed in Exhibit G. There are 2 franchisees on this ~~Exhibit~~ list.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the ~~System~~ franchise system.

Confidentiality Agreements. During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Trademark-Specific Franchisee Organizations. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with our franchise system.

ITEM 21 FINANCIAL STATEMENTS

Included as Exhibit D are the audited consolidated financial statements of our parent, HS Group Holding Company, LLC, for the years ended December 31, ~~2023~~2024 and ~~2022~~2023 and ~~2021~~2022. We have also included the unaudited Balance Sheet and ~~Profit and Loss~~ Income Statement of HS Group Holding Company, LLC, as of, and for the period ended, March 31, ~~2024~~2025. Our parent, HS Group Holding Company, LLC guarantees our performance under the Franchise Agreement ~~(see Exhibit D)~~.

ITEM 22
CONTRACTS

The following sample contracts are included in this Disclosure Document:

- Exhibit A Franchise Agreement, including exhibits
- Exhibit C General Release
- Exhibit H Conditional Consent to Transfer

ITEM 23
RECEIPT

Attached as the last two pages of this Disclosure Document are copies of the Receipt which you must sign. One signed copy of the Receipt must be returned to us, as provided on the Receipt.

EXHIBIT A
FRANCHISE AGREEMENT



**FRANCHISE AGREEMENT between GRANITE GARAGE
FLOORS FRANCHISING, LLC**

and

DATE: _____

GGF # - _____

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Appendix A

STATE ADDENDA TO THE FRANCHISE AGREEMENT

GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is entered into with an Effective Date as stated in Section 2.1. The Agreement is between GRANITE GARAGE FLOORS FRANCHISING, LLC ("GGF", "us", "our", or "Franchisor"), a Georgia limited liability company, and _____, an individual or a corporation/limited liability company established in the State of _____ with a primary residence or principal place of business at _____ (hereinafter "you" or "your") and, if Franchisee is a partnership or other business entity, "you" or "your" includes the individual partners, shareholders, or members of such entity ("Franchisee"). In this Agreement, "we", "us", and "our" refer to GGF.

RECITALS

GGF and its affiliates have gained knowledge and experience in the sale, installation, servicing and refurbishment of concrete garage floors with an epoxy coating system ("Services"). Additionally, we have also developed and will continue to develop a business format, as well as a set of terms and operating procedures (the "System"). The distinguishing characteristics of the System include our finishes, color schemes, signage, and other identification schemes (the "Trade Dress"). Additionally, these characteristics include our training programs, operating procedures, customer service standards, and marketing techniques. And finally, these characteristics also include any proprietary software and all of the policies, procedures, standards, and terms in our operations manuals ("Manuals"). We may change, improve, and further develop the elements of the System periodically.

We identify the businesses operating under the System by means of the Granite Garage Floors mark and certain other trademarks, service marks, trade names, signs, logos, associated designs, artwork, and other indicia of origin (collectively, the "Marks"). We may designate other trade names, service marks, and trademarks as Marks. Businesses operating under the System and the Marks are referred to as "GGF Businesses."

If you are a corporation, limited liability company, partnership, or other entity (collectively, an "Entity"), all of your owners of a legal and/or beneficial interest in the Entity (the "Owners") have been disclosed to GGF. If you are an Entity, you must appoint an individual owner, called the "Operating Principal," to have authority over all business decisions and to have the power to bind you in all dealings with us.

You wish to open and operate a franchised GGF Business (the "Franchised Business") and to have the right to use the Marks and the System in the territory described in Exhibit A (the "Territory"). We are willing to grant to you a license to open and operate the Franchised Business on the terms and conditions of this Agreement.

In consideration of the above and the agreements contained here, the parties agree to the following:

1. ~~1.~~ **DEVELOPMENT RIGHTS AND OBLIGATIONS**

1.1. ~~1.1.~~ **Grant of License.** Upon the terms and conditions of this Agreement, we grant to you a non-exclusive license (the "License") to operate one Franchised Business in your Territory. Your License gives you the right to operate the Franchised Business from one location we approve, and to solicit for sale, sell and perform Services within your Territory and such other area as we may approve. Your License gives you the right to use the Marks and the System only in connection with the Franchised Business.

~~Except as otherwise stated in Section 1.4, you~~ You have no right to use the Marks or the System at any location outside of your Territory or in any wholesale, e-commerce, or other channel of distribution besides the sale of Services in your Territory. The Territory is stated on Exhibit A.

~~1.2 — Acceptance of License. You hereby accept the License and agree to operate the Franchised Business according to the terms of this Agreement for the entire Term, as here defined.~~

~~1.3 — Limited Territorial Protection. Except as stated in this Section 1.3, we will not operate a GGF Business that is physically located in your Territory or license anyone other than you~~

1.2 Except as set forth in below, for so long as you are not in default of this Agreement or any other agreement with us, we shall not operate, or grant any other party the right to operate, a business providing the Services under the Marks, the physical premises of which is in the Territory.

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

(a) Operating, or allowing others to operate ~~a GGF Business~~, similar or identical businesses that ~~is~~ are physically located ~~in your~~ outside the Territory ~~while this Agreement is in effect~~. Except as specifically stated in the first sentence of this Section 1.3, we and our affiliates may engage in any business activities, under any name, in any geographic area, and at any location, regardless of, whether under the proximity to Marks or effect on other trade or service marks, even if the businesses compete with your Territory or Franchised Business. ~~For example, we have the right: (i) to establish franchises and/or company owned;~~

(b) Operating, or allowing others to operate, businesses ~~in~~ located inside the Territory ~~providing identical or similar services to the Services~~ under the Marks or other trade or service marks that do not compete with your Franchised Business;

(c) Selling products to third parties even if the same or similar products are sold or provided to you for use or resale in the Franchised Business, whether the third parties are located in the Territory or otherwise and whether ~~under names and marks other than~~ the Marks; ~~(ii) to advertise or authorize~~ other trade or service marks;

(d) Selling goods or services, or granting others the right to ~~advertise anywhere, using the Marks;~~ ~~(iii)~~ sell goods or services, through other distribution channels (including the Internet, catalog sales, telemarketing, or other direct marketing), regardless of whether those goods or services are similar to ~~establish or license GGF Businesses under the Marks, at any location~~ competitive with those sold by your Franchised Business or are sold using the Marks or other trade or service marks, or are sold inside or outside ~~of your~~ the Territory; ~~(iv) to sell~~

(e) Advertising, or ~~license~~ authorizing others to ~~sell Services through alternative distribution channels, including e-commerce, advertise, in any location while~~ using the Marks ~~or otherwise whether in or, including inside and~~ outside of the Territory; and (v) to acquire, be acquired by, or merge with other companies, regardless of if the acquirer is selling the same or similar services to the Services in the Territory or otherwise; and (vi) if you do not respond to a potential customer lead we provide you by the end of the next business day after the lead is received by you, we may contact the potential customer for Services or refer the potential customer to another franchisee and we or that franchisee may perform the Services in your Territory for that customer.

~~1.4,~~

(f) Acquiring businesses that are similar to or competitive with your Franchised Business;

(g) Selling all or substantially all, of Franchisor's assets to any third party regardless of whether such third party operates, or franchises the operation of businesses similar to your Franchised Business.

1.4 Services Outside of Your Territory. You may not ~~directly solicit including targeted text messaging or social media campaigns,~~ market or advertise the Franchised Business outside of your Territory or provide Services to a customer located outside of your Territory without our prior written consent, which consent may be arbitrarily withheld. ~~"Solicitation" includes, but is not limited to, solicitation in person, by telephone, by mail, by email, and by distribution of brochures, business cards, or other materials. If we consent to you making sales outside of your Territory, you must immediately stop doing so if we withdraw our consent at a later time.~~ If we permit you to operate in an unassigned territory, when we grant a Granite Garage Floors franchise for the unassigned territory to another party, you must immediately stop soliciting customers in the formerly unassigned territory, but you may continue servicing existing customers in the territory with respect to existing sales orders or contracts.

2. ~~2-~~ **TERM AND RENEWAL**

2.1 ~~2.1~~ Initial Term. This Agreement ~~shall take effect upon its execution by an authorized representative of GGF (the "Effective Date") and, unless terminated under another provision of this Agreement,~~ shall continue ~~in effect~~ for a term period of ten (10) years from the Effective Date, as defined in Section 2.2 (the "Term"), unless terminated earlier as set forth herein.

2.2 Effective Date. This Agreement shall not be effective until accepted by us as evidenced by signing by an authorized officer of Franchisor. Such date shall be referred to herein as the Effective Date. If this Agreement is signed as part of the renewal of the Franchise, then the Effective Date shall be the first day after the expiration of the Term of the prior franchise agreement, or the date upon which ~~all parties hereto have~~ an authorized officer of the Franchisor has signed ~~this Agreement~~, whichever is later. ~~The term of this Agreement (the "Term") begins on the Effective Date and ends ten (10) years from that date~~

2.3 Renewal. ~~The Term~~ You may ~~end sooner if this Agreement is ended under another section of this Agreement.~~ be eligible to renew your Franchise for one additional term equal to the then-current term we are generally offering to new franchisees, so long as you meet all conditions of renewal set forth below:

~~2.2 — Renewal Term. You may be eligible, to renew the rights established under this Agreement for an additional term of 10 years if you meet the conditions set forth in this Section 2.2. We have the absolute right to refuse to renew or extend the Initial Term if you have, during the Initial Term, received three (3) or more notices of default, whether or not you have subsequently cured such default. If you continue to operate after the end of the Term without exercising an option to renew, you shall be deemed to be operating on a month to month basis under the terms and conditions of this Agreement. In such circumstances, and notwithstanding the foregoing, we may on 10 days written notice, terminate this Agreement and your right to operate the Franchised Business. You must do the following to renew the franchise:~~

~~(a) — give us written notice of your wish to renew at least six months before the expiration of the Term;~~

~~(b) — deliver to us a completed~~

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

(b) You must not be in default under this Agreement, or any other agreement ancillary hereto;

(c) You must not have received three (3) or more notices of default during the Term, regardless of whether you cured the default(s);

(d) You must have paid, as of the time when you are offered a renewal franchise agreement, all royalties, fees, and any other amounts due and owing to Franchisor and any of our affiliates;

(e) You must not be in default, as of the time when you are offered a renewal franchise agreement ~~on,~~ with us or any of our affiliates or any of your vendors or suppliers;

(f) You must enter into our then-current form of franchise agreement. ~~You acknowledge that the current form, which may have contain~~ terms ~~significantly~~ different ~~than from~~ those ~~in this Agreement, contained herein~~ including, but not limited to, higher rates of different performance standards, renewal terms, royalty structures or fees, and other charges, but you will not have to pay another initial Franchise Fee (as defined in Section 3.1);

~~(g) (e) — not later than the expiration date of the Term, update your operations and refurbish and upgrade your Office, Warehouse, Equipment, and vehicles, at your expense, to conform to the Trade Dress and presentation of the Marks to GGF's then current image and, if necessary, in our sole opinion, to update and replace the furniture and fixtures in your Office and Warehouse to meet our then current specifications;~~

~~(d) — execute our then current renewal amendment, the current for of which is territory, along with the Renewal Amendment attached ~~hereto~~ as Exhibit F; and~~

~~(e) — complete all training we may require;~~

~~(f) — pay to us or our affiliates or supplier all monetary obligations owed by you to us or our affiliates or suppliers;~~

~~(g) — substantially and timely comply with each provision of this Agreement or any other agreement with us or our affiliates throughout the Term and have no uncured Event of Default (as defined in Section 6) or event~~

~~which with the giving of notice and/or passage of time would be an Event of Default, and have not received three (3) or more notices of an Event of Default during the Term, regardless of whether you cured the Event of Default(s); and~~

~~(h) — pay us the Renewal Fee (as defined in Section 3.4 (Renewal Fee)).~~

~~3. —~~

(h) You must pay the renewal fee of one thousand, five hundred dollars (\$1,500). If you are renewing more than one Franchise on or about the same date, Franchisor may, in its sole discretion and subject to applicable state and federal laws, charge a single renewal fee for all of the Franchises you are renewing.

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

3. FEES AND PAYMENT

3.1 ~~3.1~~ Franchise Fee. You must pay us in a lump sum a nonrefundable initial franchise fee of Sixty Thousand Dollars (\$60,000) (the “Initial Franchise Fee”). The Initial Franchise Fee is due in full upon execution of this Agreement unless you are financing a portion of the Initial Franchise Fee, in which case you must execute the Promissory Note attached as Exhibit B to this Agreement when you sign this Agreement. The Initial Franchise Fee is for the rights granted under this Agreement. The Initial Franchise Fee will be considered fully earned at the time you sign this Agreement.

3.2 ~~3.2~~ Royalty Fee.

(a) ~~(a)~~ Amount of Royalty Fee. Starting in the month you begin operating the Franchised Business, You must pay us a monthly royalty fee (the “Royalty Fee”). The Royalty Fee is equal to six and one-half percent (6.5%) of your Gross Sales (as defined in Section 3.2(c)) for the previous month.

(b) ~~(b)~~ Minimum Royalty Payment. Starting in the fourth month after you begin operating the Franchised Business, the required monthly Royalty Fee will be the amount calculated under Section 3.2 (a) for the previous month or the minimum royalty payment (the “Minimum Royalty Payment”) set forth below, whichever is greater. You are considered to “begin operating” in the month after we give you written permission to begin selling or offering Services. ~~If the total Royalty Fee paid for any month is less than the Minimum Royalty Payment for that month, the difference must be paid to us. You must provide us with monthly Gross Sales reports, due monthly by the 15th day of the following month, and reconcile any amounts paid and what is due within five (5) business days of our notification to you to do so.~~

The Minimum Royalty Payment each month is as follows:

<u>Month*</u>	<u>Minimum Royalty Payment</u>
4 to 12	\$500
13 to 24	\$1,500
25 and beyond	\$2,500

~~* Months are measured from the Effective Date of this Agreement.~~

~~(e) —~~

(c) Definition of Gross Sales. “Gross Sales” means all revenue, cash or credit (regardless of collection), from the sale of all services, products and any income related to your business activities under this Agreement, “Gross Sales” does not include any sales taxes or other taxes that you collect from customers and pay directly to the appropriate taxing authority. “Gross Sales” also does not include any rebates or promotional allowances paid to you in connection with your purchase of equipment or supplies, or any documented customer adjustments and refunds. The Royalty Fee is paid for the ongoing right to use the Marks and the System, and not in exchange for services made by us.

3.3 Brand Fund Fee. You must pay us a monthly “Brand Fund Fee” equal to two percent (2%) of Gross Sales. The Brand Fund Fee is non-refundable.

~~3.4 — Renewal Fee. If you exercise your right to renew under Section 2.2, you must pay us a renewal fee of One Thousand Five Hundred Dollars (\$1,500) (the “Renewal Fee”).~~

~~3.5 — Transfer Fee. If you Transfer (as defined in Section 5.27(a) (Definition of Transfer) your Franchised Business or this Agreement, you must pay us a Transfer Fee as defined in Section 5.27(e)(vi)).~~

~~3.6 — CRM/Web Hosting/Email/SEO/SEM/Content Management/Back office Software System Fees. We require you to use the CRM services that we designate, from our preferred suppliers. You must pay us an email hosting fee, which is currently Twelve and 50/100 Dollars (\$12.50) per month per user license. You must pay us a “Technology Fee” of Ninety Five Dollars (\$95) per month to support web management and maintenance services we provide. You must use the digital marketing and SEO management vendor that we designate. You must use the financial management software we designate; the current fee for our required financial management software is \$15 per month per user license. You must pay us a \$2,500 “Technology Package Fee” which covers the initial configuration of the required CRM software, website set up, and establishing your local online listings. The Technology Package Fee is due upon signing of this Agreement. All individual technology service fees are subject to adjustment, not more than once per calendar year, upon 30 days written notice to you.~~

~~3.7 — Operating Fee Due Dates. On the fifth day of each month, you must pay to us all Royalty Fees, Brand Fund Fees, and all fees set forth in Section 3.6 other than the Technology Package Fee (collectively, “Operating Fees”) on (with respect to Royalty Fees and Brand Fund Fees) Gross Sales received during the previous month (the “Payment Date”). All Operating Fees must be paid in full. If we accept any payment from you that is less than the full amount due, we have the right to recover the remaining balance due and to pursue any other remedy against you. For~~

3.4 Technology Fee; Licenses. You must pay us our then-current monthly “Technology Fee”, which as of the Effective Date of \$650. We will provide you with four (4) Granite Garage Floors branded email licenses if you are purchasing your first Franchised Business. If you are purchasing a second or contiguous territory or territories which do not require a second tenant account, then Franchisor, in its sole direction, may waive the Technology Fee for such second or additional territory or territories. If you want to purchase additional branded email licenses for use in your Franchised Business, then you must pay an additional \$15 per month per email license.

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

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

suppliers. In these situations, Franchisor and any third party may increase these fees or other amounts without restriction.

3.7 Timing. Unless otherwise stated herein, all ~~other fees, the Payment Date will be in this Agreement shall be due and payable beginning with the date stated month in which the demand. We reserve the right to change the payment schedule for payment of Operating Fees and Minimum Royalty Payments. The Operating Fees will never be due more than once a week.~~

~~3.8 Method of Payment. You must use the payment method or methods that we select for all payments. We currently require~~Franchised Business commences operations in the Territory.

3.8 Electronic Funds Transfer. Franchisee shall remit the all amounts due hereunder to Franchisor or its affiliates via electronic funds transfer, ~~so you must choose an account at a commercial bank (the "Account") and give the bank all authorizations needed for us to transfer funds from the Account/direct debit or such other means as required by Franchisor.~~ You must sign and deliver to us an irrevocable EFT Authorization attached hereto as Exhibit C to enable our financial institution to debit your primary bank account ~~at your bank~~ in order to pay us ~~the Royalty Fee, Brand Fund Fee, and all other amounts which you may owe us under this Agreement or any other agreement between you and us or that you may owe to any of~~ due to us and our affiliates. Franchisee will, at all times during the Term of this Agreement, maintain a balance in its bank account sufficient to allow the appropriate amount to be debited from Franchisee's account for payment of all amounts due hereunder. All costs and expenses, including any resulting from the ~~dishonor~~rejection by your bank of any electronic funds transfer, shall be your sole responsibility. ~~This authorization~~The EFT Authorization is irrevocable and shall remain in effect until thirty (30) days after the termination or expiration of this Agreement. ~~On each Payment Date, we will transfer the amount due from you. You agree to maintain enough funds in the Account to cover all amounts payable to us. If funds in the Account are not enough to cover the amounts payable at the time we start the funds transfer, the amount of the loss will be considered overdue. You agree to pay us, on demand, the overdue amount plus interest, any related bank fees. These remedies are in addition to any other remedies we may have under this Agreement or the law. If you fail to timely report your Gross Sales, we may estimate the amount of fees due and make a withdrawal from your bank account based on our estimate, plus 10% of our estimate. If we underestimate any fees due, you will be required to pay the total amount of fees due. If we overestimate any fees due, we will credit the fees paid against fees due in the next payment period after we receive accurate records regarding your Gross Sales. Our right to effect payment by electronic funds transfer does not impair or reduce your duty to make payment when due.~~

~~3.9 Interest on Overdue~~

3.9 Payment. The Royalty Fee, Technology Fee, Brand Fund Fee and all other fees shall, unless otherwise stated herein, or specified by Franchisor, be payable on or before the fifteenth day of each calendar month, beginning with the month following the first full month after the date that the Franchised Business commences operations. If the due date of any payment is not a business day, the due date shall be the next immediate business day. If this Agreement is entered into in connection with a renewal of the Franchise or transfer of the Franchised Business, then all fees and other amounts shall be payable beginning as of the Effective Date.

(a) Any other amounts owed to Franchisor or its affiliates shall be due and payable within ten (10) days following Franchisee's receipt of an invoice therefor.

(b) Franchisor reserves the right, upon thirty (30) days' prior notice to Franchisee, to change the frequency of payment of any fees or other amounts, including charging and collecting any fees or other amounts weekly or on any other billing cycle rather than monthly or annually, provided that such fee will be prorated based on the number of days in the applicable billing cycle. Franchisor may modify any payment due dates stated in this Agreement in its sole discretion at any time upon thirty (30) days notice to you.

3.10 Late Payments; Interest; Partial Payment. If any fee or other payment ~~or amount owed~~ due under this Agreement is not ~~received in full by~~ paid on the date such ~~amount~~payment is due, including when a payment is dishonored, fails to process, does not cover the amounts due or is returned, you ~~agree to~~shall pay us, ~~upon demand,~~ interest ~~on the amount owed, calculated from the due date, to us~~ at the rate of the lesser of twelve percent (12%) per annum, (or the maximum rate permitted by applicable law, if less than 12% from the date such amounts were originally due until the date paid. Any acceptance of an amount which is less than the full amount due, shall not be considered a waiver of our right to (or your obligation for) on the remaining full amount owed periodically. then due, Franchisee may become

3.11 Advances; No Setoff. Franchisee shall pay us all amounts, if any, advanced by Franchisor or which Franchisor has paid, or for which it has become obligated on Franchisee's behalf for any reasons whatsoever, promptly upon Franchisor's notice to Franchisee of such amounts being due and payable. Franchisee shall not withhold or escrow any amounts due to Franchisor under this Agreement or otherwise or setoff any such amounts against any amounts claimed to be due to Franchisee.

~~3.10 Taxes and Fees.~~ You are responsible for all taxes, assessments, and government charges imposed on you for any business activities under this Agreement. All payments by you to us under this Agreement will be made without set off or deduction, except for taxes or fees required be deducting or withholding by taxing authorities. If you fail to deduct or withhold these taxes or fees, unless requested or instructed by us not to, you will indemnify us for the full amount of the taxes or fees and for any loss (including penalties, interest, and expenses) caused by your failure to deduct or withhold taxes or fees. Also as part of the Operating Fees, you will pay any taxes imposed on us or our affiliates by federal, state, or local taxing authorities for our acceptance of any Operating Fees. This does not include any taxes measured on our income.

~~4.~~

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

4. OUR OBLIGATIONS

4.1 ~~4.1~~ Manuals. We will provide you with electronic access to our confidential operations manual(s) (the "Manuals"). We may from time to time provide updates to the Manuals. It is our sole decision to provide these updates by letter, electronic mail, bulletin, videotapes, audio tapes, software or any other communication you agreed to.

4.2 ~~4.2~~ Training.

(a) ~~(a)~~ Initial Training of Your Personnel. We will provide initial training to you and up to one other person ("Initial Training"). Your Initial Training will cover the use of the System, sales and marketing, the management and operation of your Franchised Business. You must attend and complete the Initial Training no later than 120 days from the Effective Date of this Agreement. We will provide Initial Training at a place we designate and at your location, as well as by telephone and Webex or Internet. We will hold Initial Training at a time that we choose. We may not provide additional training to you for any additional franchise ~~units~~ territories you purchase after the first ~~unit~~ territory. You are responsible for all travel, lodging and meal expenses you and your personnel incur.

(b) ~~(b)~~ Additional Training. We may decide to conduct additional training for you, your Operating Principal, or your employees, at a time and place of our choosing. We may require you to attend such training. We may provide this additional training in person, via shared drives such as Dropbox or other company specific online portals, via teleconference, via the Internet, or by any other means. We will charge a registration fee or program fee for such training. You shall be responsible for all costs of attending such training, including travel, lodging, and meal expenses.

4.3 ~~4.3~~ Opening Assistance. We will advise you about initial orders of Equipment and other supplies. We will advise you about the establishment of business relationships with approved suppliers.

4.4 ~~4.4~~ Additional Assistance. We will provide you with ongoing technical, managerial, and administrative advice. We will also provide guidance by telephone, email, and other forms of communication that you periodically reasonably request. We may decide to provide you with on-site extended assistance upon your specific request. The extended assistance is for on-site advice or training. You are required to pay for the travel and living expenses of these members if the travel is beyond our routine field visits. You must also pay a consulting fee ("Consulting Fee") of \$500 ~~per day for each person that is payable within 15 days of the services. We will have the right to increase the amount of the Consulting Fee once within any 12 month period~~ for each employee for each day or partial day services are provided.

~~4.5~~ Inspections. We may periodically inspect the operation of your Franchised Business and advise you of its results. We may provide you with a written action plan that you must carry out after each inspection. If we decide that your Franchised Business operations do not meet the System's standards, we may require you to have additional on-site advice and training from our staff to fix any problems. ~~If this is required then, you must pay us within 15 days of the services.~~ The service charge for each employee includes their travel and living expenses and ~~a \$300 consulting fee for each employee for each day or partial day services are provided~~ the Consulting Fee.

~~4.6~~ Equipment, Supplies, and Services. We or our affiliates may sell to you certain equipment, vehicles, supplies or other items. We and our affiliates can profit from these sales. If we or our affiliates receive any rebates, commissions, or other payments from your purchases from a third party supplier we can keep these funds.

~~4.7~~ Review of Proposed Equipment, Supplies, or Suppliers. We will review your requests for approval of supplies, equipment, vehicles, services, or suppliers within 60 days of receiving all of the requested information. If you do not receive our approval within 60 days, our failure to respond will be considered a rejection of the request.

4.6 Marketing Programs.

~~(a) As set forth in Section 3.3 above, you must pay us a "Brand Fund Fee" equal to two percent (2%) of your Gross Sales payable for the applicable month. Brand Fund Fees will be maintained in a Brand Fund. The Brand Fund Fee with respect to each month is payable at the same time as the Royalty Fee. The Brand Fund Fee is non-refundable.~~

~~(b)~~

(a) The Brand Fund is administered by us. We may use Brand Fund Fees and any other amounts contained in the Brand Fund for any purpose that promotes the Marks or any other names we choose to use in the Granite Garage Floors System, including the creation, production and placement of commercial advertising; to pay for agency costs and commissions; to pay the costs to create and produce video, audio and written advertisements; to pay for direct mail and other media advertising, including internet advertising, internet search engine campaigns, direct email marketing, and the cost to maintain and update our websites, web pages, social media and social networking sites, profiles and accounts; for the costs to create and maintain any applications, whether web-based or otherwise, and for the costs of search engine optimization; in-house staff assistance, including salaries, and related administrative costs; local and regional promotions; public relations campaigns including the cost of retaining public relations firms; market research; and other advertising and marketing activities. We may also use money in the Brand Fund to pay for coaching and training for our franchisees in marketing, advertising, recruiting and sales. We will decide whether to use advertising agencies and which ones or whether to create advertising materials in-house.

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

(c) ~~(e)~~ Fund Management. In no event will we be deemed a fiduciary to any Brand Fund Fees we receive or administer. If any monies in the Fund remain at the end of a fiscal year, they will carry over in the Fund into the next fiscal year.

(d) ~~(e)~~ Our Marketing Materials. We may periodically formulate, develop, produce, and conduct, at our sole discretion, advertising, or promotional programs in such form and media as we determine. We may make marketing materials available for you to purchase.

(e) ~~(f)~~ Approval of Advertising Programs. We shall review and approve or disapprove any advertising or promotional programs or materials that you develop, including your initial launch advertising.

4.7 ~~4.9~~ Meetings and Conventions. We may, at our option, from time-to-time conduct conventions or host meetings of some or all of our franchisees (“Conventions”). The duration, curriculum and location of the Conventions will be determined by us, in our sole and exclusive discretion. You are required to pay the then-current registration fee for one (1) person to attend each Convention, regardless of whether you attend the Convention. You may choose to send more than one person to each Convention, subject to attendance limitations imposed by us, and you will be required to pay the then-current registration fee for all such additional attendees. You are solely responsible for all of the expenses incurred in connection with attending the Conventions, including, without limitation, registration, travel, transportation, hotel/lodging, food/meal expenses and wages.

~~4.10 — Website. We will maintain and manage a website for the Granite Garage Floors System. You may not have a website of your own, although we may provide you a local “landing page” or similar pages for your franchised location.~~

~~4.11 — Leads. We will refer to you any reservations or prospective customers that we receive through the website, telephone calls, or other methods of communication for a potential customer in your Territory. If you do not respond to the referral of a potential customer by the end of the next business day we may (i) contact or service the potential customer in your Territory or (ii) arrange for another franchisee to service the potential customer in your Territory.~~

~~4.12 — Assignment by Us. We may assign this Agreement and all of our rights, duties and obligations to any person, group, or Entity that we choose. Upon an assignment, we will be released from all of our duties and obligations. You will look only to our assignee for the performance of these duties and obligations. For purposes of this Section 4.12, the term “assignment” will include, but is not limited to, (i) a merger or consolidation by us or any of our affiliates into or with any other person or Entity, (ii) the merger or consolidation of any person or Entity into us or any of our affiliates, (iii) a sale of substantially all or any of our or our affiliates’ assets, or (iv) any other transaction that results in a change in control of our Entity.~~

~~5. —~~

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

4.9 Level of Services. Franchisor is not obligated to perform any services to Franchisee’s particular level of satisfaction, but as a function of Franchisor’s experience, knowledge, and judgment. In addition, Franchisor shall have the right to subcontract or delegate any of its duties and responsibilities under this Agreement; provided, however, Franchisor shall be responsible for the performance of such duties, notwithstanding such subcontract or delegation, to the same extent as if Franchisor had not subcontracted or delegated such duties, unless such subcontract or delegation is in connection with an assignment pursuant to Section 4.13.

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

4.11 Assignment by Us. This Agreement is fully assignable by us and shall inure to the benefit of any assignee or other legal successor to our interest. Franchisee expressly affirms and agrees, that we may sell our assets, our Marks or the System outright to a third party; may go public; may engage in a private placement of some or all

of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buy-out or economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (of any variation thereof) and/or the loss of association with or identification of "Granite Garage Floors Franchising, LLC" as franchisor under this Agreement.

5. **YOUR OBLIGATIONS AND OPERATING STANDARDS**

You covenant and agree as follows:

5.1 ~~5.1~~ **Development of Your Area of Primary Responsibility.**

(a) ~~(a)~~ **Development.** You will use your best efforts to actively promote and extend the Granite Garage Floors concept in the Territory.

(b) ~~(b)~~ **Opening Deadline.** You may not begin performing Services until you have received our written approval. Our approval will not be unreasonably withheld. You must begin performing Services within 120 days after the Effective Date (the "Opening Deadline"). We can terminate this Agreement and retain all amounts you have paid us and our affiliates if you fail to begin performing Services within this time period.

(c) **Development Agreement.** If this Agreement is signed as part of the purchase of multiple territories, then you may be required to sign the Multi-Territory Development Addendum attached hereto as Exhibit G and your deadline to open the Franchised Business will be set forth in the Addendum. If you fail to timely open your Franchised Business we have the right to terminate this Agreement and in such case retain all amounts you have paid to us and our affiliates.

5.2 ~~5.2~~ **Services You Must Offer.** You may offer only the Services that we have approved in writing. We may change the authorized Services, and we may label specific Services as optional or mandatory. You must offer for sale all Services that we label as mandatory. If we authorize another franchisee to sell a specific type of service, we are not required to authorize you to sell the same service.

5.3 ~~5.3~~ **Vehicles.** You may either purchase or lease vehicles necessary to operate your Franchised Business. All of your vehicles must meet our specifications. We currently require a wrap on your vehicles. You must purchase the wrap for the vehicles from us, ~~or our~~ affiliate, or an authorized vendor. The wrap must be placed on the vehicles in such a manner and at such locations that meet our specifications. The interior of all vehicles will be outfitted in accordance with our standards and specifications. You must purchase all interior ~~upfittings~~ upfitting from us or our affiliate.

5.4 ~~5.4~~ **Vehicle Maintenance and Upgrades.** You are responsible for maintaining and repairing the vehicle(s) at your own expense in accordance with the requirements stated in the Manuals and any manufacturer's warranties. You must regularly service your vehicles and must keep each vehicle in the highest degree of cleanliness, orderliness, sanitation, and repair in accordance with the Manuals. You may not make any material alteration, addition, replacement, or improvement to your vehicles. This includes alterations to fixtures, furnishings, signs, and equipment, without our prior written consent. If we require you to upgrade, add to, or stop using any vehicle, then we will give you a written notice of any additional or replacement vehicles that you must purchase. If a vehicle is more than five years old, we may require you to replace it.

5.5 ~~5.5~~ **Supplies, Equipment, and Services.** We may require that supplies, equipment, and services purchased for your Franchised Business: (i) meet certain specifications; (ii) be a specific brand, kind, or model; (iii) be purchased only from suppliers or service providers that we have expressly approved; and/or (iv) be purchased from a single source that we choose (which may include us or our affiliates). We will publish all of our requirements in the Manuals. We may change the authorized supplies, equipment, and services. We may also select specific supplies, equipment, and services as optional or mandatory. You must use all items that we select as mandatory. You must comply with any terms, conditions, or other restrictions imposed by suppliers or service providers concerning your purchase. You must maintain enough inventory of supplies and equipment to meet our standards stated in the Manuals. If we revoke approval of a previously-approved item or service, you may continue to use the item or service for up to 60 days after our disapproval. You must then dispose of the formerly approved supplies or equipment as we direct. We have the right to shorten this period if, in our opinion, the continued use of the item or service would prove detrimental to the System or our reputation.

5.6 ~~5.6~~ Approval Process. If you would like to (i) offer Services, (ii) use any supplies, equipment, or services, or (iii) purchase from a supplier or service provider that we have not approved, you must submit a written request for approval and provide us with any information that we request. We have the right to inspect the proposed supplier's facilities and test samples of the proposed items and to evaluate the proposed service provider and the proposed service offerings. You agree to pay us a charge not to exceed the reasonable cost of the inspection and our actual cost of testing the proposed item or evaluating the proposed service or service provider, including personnel and travel costs, whether or not the item, service, supplier, or service provider is approved. We have the right to grant, deny, or revoke approval of items, services, suppliers, or service providers based solely on our judgment. We will notify you in writing of our decision as soon as practicable following our evaluation. If you do not receive our approval within 60 days after submitting all of the information that we request, our failure to respond will be deemed a disapproval of the request. We reserve the right to reinspect the facilities and products of any approved supplier and to reevaluate the services provided by any service provider and to revoke approval of the product, service, supplier, or service provider if any fails to meet any of our then-current criteria. If you receive a notice of revocation of approval, you agree to stop purchasing the formerly-approved item or service or any products or services from the formerly-approved supplier or service provider and you must dispose of your remaining inventory of the formerly-approved items and services as we direct.

5.7 Additional Services. You must purchase from us certain services, including support and management services for any Internet Presence, including any website, business profile or review platform, we allow you to maintain or participate on, or that we maintain or participate on your behalf. You must pay us the then-current fees for such services at the times and in the manner we specify.

5.8 ~~5.7~~ Location. Your Franchised Business must be operated from a location in your Territory, unless you own and operate multiple units in adjacent territories, in which case you may choose to operate from one location in one of your territories. You must provide us with written notice if you wish to change the address of your Franchised Business. If we approve, you may manage the Franchised Business from your home. We reserve the right to require you to update your Franchised Business location periodically to meet our current standards. Equipment upgrades must be made periodically as required by us.

~~5.8 — Training.~~

~~(a) — Initial Training. Prior to opening your Franchised Business, you and your Operating Principal (if any) must attend and satisfactorily complete the Initial Training described in Section 4.2 (Initial Training of Your Personnel). If you or your Operating Principal are unable to satisfactorily complete our Initial Training, as determined in our sole discretion, we may terminate this Agreement and retain all amounts paid to us and our affiliates. Each following Operating Principal must attend our Initial Training for a reasonable fee unless we otherwise agree in writing. We will not charge a fee for up to two attendees at the Initial Training; additional attendees will be charged our then current fee. We reserve the right to charge a fee for training persons who are repeating the course or replacing a person who did not pass and for later Operating Principals, or other employees who attend the course. You are responsible for any travel expenses, living expenses, wages, and other expenses incurred by your trainees.~~

~~(b) — Additional Training. In addition to Initial Training, you, your Operating Principal (if you are an Entity), and any other employees that we designate must attend and satisfactorily complete any other training programs as we may require periodically after you begin operations. We will charge you or your employees \$500/day plus expenses to attend additional training programs, unless we require their attendance at the training programs, in which case there will be no attendance fee. If you or your employees travel to receive additional training, you shall be responsible for your and your employee's costs of any travel or living expenses involved in such further training and the salaries of any employees.~~

~~5.9 —~~

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

5.10 ISP; Equipment. Franchisee must subscribe, at Franchisee's expense, to an Internet service provider or other electronic communication provider or service as required by Franchisor and otherwise meeting

Franchisor's standards and specifications. Franchisee may not integrate, directly or indirectly, any third party software into the computer or other technology systems of Franchisor. Unless otherwise agreed by Franchisor, Franchisor shall have no obligation to integrate into its computer or other technology systems, any third party software used or otherwise requested by Franchisee.

(a) Franchisee shall only use Granite Garage Floors branded emails obtained from Franchisor in its communications with customers, suppliers or any other third parties, in the development, promotion and operation of the Franchised Business.

(b) Franchisee shall use all software and other systems specified or provided by Franchisor, an affiliate or any third party, for use in the operation of the Franchised Business, including field service software, customer management, financial management, accounting/bookkeeping, scheduling, and any other software or systems specified or provided by Franchisor.

(c) Franchisor and its affiliates or vendors may issue credentials or other forms of access, licenses, or permissions to their systems and software. You will not share any credentials, licenses, permissions, passwords or other form of access to any software or systems with any third party. Franchisor shall have independent access to all of your systems and software, excluding any employment records, and Franchisee shall provide Franchisor, upon request, with any passwords or login ability necessary to access all such software or systems.

(d) Franchisee may not authorize any third party, including, but not limited to, vendors, marketers and sales agents, to connect to any of Franchisor's systems or software without Franchisor's prior written approval.

(e) Franchisor may require that any and all communications between Franchisee and Franchisor be made through the Internet or such other electronic medium as Franchisor may designate, and Franchisee may be required to access the Internet or other electronic information on a regular basis to obtain full benefit of the System. Franchisee shall only use the Franchisor-provided branded emails in its communications with customers, suppliers or any other third parties, in the development, promotion and operation of the Franchised Business

(f) Franchisor is not liable for any damage to Franchisee including lost profits, which occur as a result of any outage or delay related to electronic transmission of information, whether by the Internet or otherwise, or as a result of Franchisee's failure to access the information. Franchisor may, in its sole discretion, make use of any information furnished by it to Franchisee.

(g) Franchisee will not devise, develop or implement any modifications or changes to any of the software or systems used by the Franchise System without Franchisor's prior written approval. Franchisee may not integrate, directly or indirectly, any third party software into the computer or other technology systems of Franchisor. Unless otherwise agreed by Franchisor, Franchisor shall have no obligation to integrate into its computer or other technology systems, any third party software used or otherwise requested by Franchisee.

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

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

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

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

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

5.15 Customers and Trading.

~~(a)~~ —

(a) Customers You May Serve. Except as specifically set forth in this Agreement, you may only sell and provide Services directly to customers at locations in your Territory. Unless we otherwise approve, you may not sell or provide Services at wholesale or through other networks of distribution or outside of your Territory. You must refer any inquiries to us that you receive from prospective customers for the performance of Services at a location outside of your Territory or prospective franchisees that are interested in establishing franchises outside of your Territory.

(b) ~~(b)~~ Customer Data. You agree that all data collected by you from customers and potential customers in connection with your Franchised Business ("Customer Data") is considered to be owned by us. You also agree to give us the Customer Data any time we request it. You have the right to use Customer Data while this Agreement or a replacement franchise agreement is in effect, but only in accordance with the policies that we establish and applicable law. You may not sell, transfer, or use Customer Data for any purpose other than marketing Services and your Franchised Business.

5.16 ~~5.10~~ Marketing.

(a) ~~(a)~~ Approval Requirement. You must conduct all advertising in a dignified manner and follow the standards and requirements we specify in the Manuals. You must obtain our written approval prior to using or producing any sales promotion materials, or advertising using any Marks if such material has not been prepared by or previously approved by us. We have the right to require you to obtain our approval in writing prior to placing ads in periodicals, websites, and other publications. If any of your advertising in your Territory will or may reach a significant number of people outside of your Territory, you must notify us in advance and get our consent. We may establish rules and policies periodically regarding advertising. We will have the final decision on all creative

development of advertising and promotional messages. If our written approval is not received within 10 business days of receiving the material, then the material is considered disapproved. If you again notify us in writing and we fail to approve or disapprove the request in writing within 5 business days after the second request is received by us, then the approval is considered granted. We reserve the right to require you to stop using any advertising or marketing materials.

(b) ~~(b)~~ Advertising Cooperatives. You agree to join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple GGF Businesses and to abide by the bylaws, rules, and regulations duly required by us and as supplemented by the organization to the extent such supplements are not inconsistent with our requirements.

~~(c) You agree, at your sole expense, to conduct advertising and promotional programs at the local level for your Franchised Business in accordance with Section 5.10(f) below.~~

~~(d) Websites. You are not authorized to have a website for your GGF Business, to register any domain names relating to GGF, to have a webpage related to your GGF Business, other than the mini site/landing page which we provide for you on our website, on any third party website or to maintain a blog or social media site for your GGF Business. You must, on our request provide promotional materials or information relating to your GGF Business to include on our website. Any use of our Marks by you in advertising or social media of any type or form requires our prior written approval.~~

~~(e) Internet Advertising. Any internet advertising or marketing campaigns for your Franchised Business will be managed by us on your behalf. You will pay us the estimated costs of any advertising or marketing in advance and any actual costs we incur upon being invoiced by us.~~

(f) Local Advertising. You must develop and submit for our review and approval, prior to opening the Franchised Business and then prior to January 1 in each subsequent calendar year during the Term, a marketing plan. Once approved, you must follow this marketing plan, and we reserve the right to review and adjust this plan periodically based on the actual performance of the Franchised Business. ~~Beginning with the opening of your Franchised Business and continuing for thirty six months thereafter, you~~ You must spend on local advertising a minimum average of Three Thousand Dollars (\$3,000) per month, calculated on a rolling twelve-month basis. ~~Beginning with the thirty seventh month and continuing for the remainder of the Term, you must spend on local advertising a minimum average of Two Thousand Dollars (\$2,000) per month, calculated on a rolling twelve month basis.~~ All such local advertising shall comply with our requirements for advertising as specified in the Manuals. The foregoing is in addition to your obligation to pay Brand Fund Fees. You must submit to us, in a format that we prescribe and at a time and schedule that we prescribe in the Manuals, reports showing your expenditure for all marketing and advertising. You will provide to us for our approval any and all advertising and promotional material prepared by you, and shall not publish, display or otherwise use any such materials without our prior written approval. You must purchase from our approved suppliers at their then-current charges marketing materials for use in branding and marketing your Franchised Business.

5.17 Internet Presence. Franchisor will establish an Internet Presence to promote the Franchised Business within the Territory. Franchisor shall have the sole right to perform any website development or maintenance services with respect to this Internet Presence and Franchisee shall use no other party for such services, unless otherwise approved by Franchisor. Franchisee shall, upon request by Franchisor, provide content for the Internet Presence, which may include contact and address information, hours of operation, fees, photos, video, social media posts, and such other information about the products and services offered through the Franchised Business as Franchisor may require. Franchisor shall have the sole right to perform any website development or maintenance services with respect to this Internet Presence and Franchisee shall use no other party for such services, unless otherwise approved by Franchisor. Franchisor must approve any and all changes to content provided by Franchisee and the Internet Presence for the Franchised Business shall contain only such information as Franchisor may approve from time to time. Franchisor is the sole supplier of support and management services for any Internet Presence including websites, business profiles and review platforms, that Franchisor approves Franchisee to maintain, and Franchisee shall pay all fees and other amounts charged by Franchisor for these services. Other than the Internet Franchise Agreement

Presence established by Franchisor, Franchisee shall not establish or maintain, or have established or maintained on its behalf, either alone or in concert with others, any other Internet Presence, making reference to Franchisor, the System, the Marks or the Franchised Business, unless otherwise approved by Franchisor. An "Internet Presence" includes any domain name, URL, website, webpage, landing page, portal, HTML document, online directory, online business profile, review and opinion page or site, social media or social networking site, profile, avatar, account or username, control panel, administrative platform, intranet, JotForm or other form or method of digital or electronic medium or method of communication.

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

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

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

(d) Franchisor is the sole supplier of support and management services for any Internet Presence including websites, business profiles and review platforms, that Franchisor approves Franchisee to maintain, and Franchisee shall pay all fees and other amounts charged by Franchisor for these services at the times and by the method required by Franchisor.

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

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

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

5.21 ~~5.11~~ Conferences. You, your Operating Principal, and any of your representatives that we require must attend franchisee conventions, meetings, and teleconferences that we require in the Manuals or in writing. You are responsible for arranging and paying for transportation, accommodations, meals, and other expenses incurred. We may charge a fee to attend any conventions, meetings or conferences.

5.22 ~~5.12~~ Franchisee Advisory Council. We may create an advisory council of Granite Garage Floors franchisees ("Franchisee Advisory Council") to advise us on various issues and strategies. The Franchisee Advisory Council will have only an advisory role, but no operational or decision-making power. We may change the structure and process of the Franchisee Advisory Council or end the Franchisee Advisory Council at any time.

~~5.13—Computer System and Communications Links. You must obtain, install, and use, at your expense, the hardware, software, on-line services, and communications links that we may require periodically. You agree to: (i) maintain on the computer system only the financial and operating data specified in the Manuals; (ii) use the computer system in accordance with our policies and operational procedures; (iii) transfer data to us in the form and at the times required by the Manuals; (iv) give us unrestricted access to your computer system at all times (including users IDs and passwords, if necessary) to download and transfer data via modem or other connection as we determine; (v) maintain the computer system in good working order at your own expense; (vi) replace or upgrade the computer system, software, and communications links as we require (but not more than once a year); and (vii) ensure that your employees are sufficiently trained in the use of the computer system and our related policies and procedures. You acknowledge that computer designs and functions change periodically and that we may make significant changes to the computer specifications or require the installation of an entirely different system. If we require you to use any software, you must execute and pay any fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.~~

~~5.14—~~

5.23 Manuals.

(a) ~~(a)~~ Compliance with the Manuals. You must comply with each rule, procedure, standard, specification, and requirement stated in the Manuals. They may be amended, modified, or supplemented periodically and written or electronically communicated. You acknowledge that we may unilaterally amend, modify, or supplement the Manuals at any time. You must promptly comply with all revised standards, procedures or other requirements.

(b) ~~(b)~~ Use of the Manuals. You acknowledge that we own the copyright in the Manuals and that your copy remains our property and will be returned to us immediately on termination or expiration of this Agreement. You will treat the Manuals, and the information contained in them, as confidential and you will maintain the confidentiality of this information. You will not, without our prior written consent, copy, duplicate, record, use, or otherwise reproduce in any way the Manuals or make their contents available to any unauthorized person.

5.24 ~~5.15~~ Insurance. You must maintain at your expense in full force and effect throughout the Term the types of insurance and the minimum policy limits stated in the Manuals. The insurance policy or policies must protect you, us, and our affiliates, and our affiliates' respective, past, present, and future officers, directors, owners, managers, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage, or expense of any kind arising out of, or in connection with, the condition, operation, use, or occupancy of your Franchised Business. We and our affiliates must be named as additional insureds under each policy, except for policies required by statute in your jurisdiction. This includes, but is not limited to, workers' compensation and employer's liability insurance policies. We may require additional types of coverage or increase the required minimum amount of coverage on reasonable notice. Your obligation to obtain coverage is not limited in any way by insurance that we maintain. On our request, or as stated in the Manuals, you must provide us with certificates of insurance proving the required coverage. Your insurer(s) must commit not to cancel or amend the policy or policies without at least 30 days' prior written notice to us. ~~If you fail to obtain and maintain insurance coverage as required by this Agreement, we have the right, but not the obligation, to obtain the required insurance on your behalf and to charge you for the cost of the insurance plus a reasonable fee for our services in obtaining the insurance.~~

5.25 ~~5.16~~ Intellectual Property.

(a) ~~(a)~~ Marks and Trade Dress.

(i) ~~(i)~~ Acknowledgements. You acknowledge that our affiliate is the owner of the Marks and the Trade Dress. You have no interest in the Marks and the Trade Dress other than the nonexclusive License granted here, and that between you and us, we have the exclusive right and interest in and to the Marks and the Trade Dress and the goodwill associated with and symbolized by them. On the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under this Agreement or otherwise.

(b) ~~(ii)~~ Rights. Your right to use the Marks and the Trade Dress applies only to your Franchised Business. You may only use in your Franchised Business the Marks and the Trade Dress that we permit, and only in compliance with our standards. You will not use any of the Marks as part of any Entity name or with any prefix, suffix or other modifying words, terms, designs or symbols (other than logos licensed to you hereunder), or use any of the Marks or the Trade Dress in connection with the sale of any unauthorized product or service or in any manner not explicitly authorized in writing by us. No materials on which any of the Marks or the Trade Dress appears shall be used by you without our prior written approval, which may be revoked at any time upon reasonable notice to you. You may not use any of the Marks, or any similar name, as a domain name or on any website, on the Internet or any other electronic communication network unless we expressly authorize that use in writing.

(c) ~~(b)~~ Copyrights. You acknowledge that, any and all present or future copyrights relating to the System, including, but not limited to, the Manuals and any marketing materials we may provide to you (collectively, the "Copyrights"), belong solely and exclusively to us and our affiliates. You have no interest in the Copyrights other than the nonexclusive License granted in this Agreement.

(d) ~~(e)~~ No Contesting Our Rights. During the Term of this Agreement and after its expiration or termination, you agree not to directly or indirectly challenge our or our affiliate's ownership, title, right, or interest in or to, or our license to use, or the validity of the Marks, the Trade Dress, or the Copyrights, or any trade secrets, methods or procedures that are part of the System (collectively, the "Intellectual Property"), or challenge our affiliates and our sole right to register, use, or license others to use the Intellectual Property.

(e) ~~(d)~~ Changes to the Intellectual Property. We have the right to change, discontinue, or substitute for any of the Intellectual Property and to adopt new Intellectual Property for use with the System without any liability to you. You agree to implement any such change at your own expense within the time we reasonably specify.

(f) ~~(e)~~ Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Intellectual Property of which you have knowledge. You also agree to inform us promptly of any challenge by any person or Entity to the legitimacy of our ownership of or our right to use or license others to use any of the Intellectual Property. We have the right, but no obligation, to initiate, direct, and control any litigation or administrative proceeding relating to the Intellectual Property, including, but not limited to, any settlement. We will be entitled to retain any and all proceeds, damages, and other sums, including attorneys' fees, recovered or owed to us or our affiliates in connection with any action. You agree to execute all documents and render any other assistance we may deem necessary to any such proceeding or any effort to maintain the continued validity and enforceability of the Intellectual Property. We will defend you against any third-party claim, suit, or demand arising out of your use of the Mark. If we, in our sole discretion determine that you have used the Marks in accordance with this Agreement, the cost of such defense and the cost of any judgment or settlement, will be borne by us. Otherwise, those costs will be borne by you. In the event of any litigation relating to your use of the Marks, you will take such acts as may, in our opinion, be necessary to carry out such defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that such litigation is the result of your use of the Mark in a manner inconsistent with the terms of this Agreement, we agree to reimburse you for your out-of-pocket costs in doing such acts.

(g) ~~(f)~~ Post-Termination or Expiration. On the expiration or termination of this Agreement, all of your rights to use the Intellectual Property will automatically return to us without cost and without the execution or delivery of any document. On our request, you must execute all documents that we require to confirm such return.

~~5.17 — Improvements. You may not introduce any improvement or modification of or to the System or the Services without our prior written consent. You will notify us promptly of any improvement in or modification of or to the System or the Services which may be beneficial to us or other franchisees. Any and all improvements to the System or the Services, that you develop (whether or not consented to) will automatically become our property without any compensation to you. If such improvements may be protected by a trademark, copyright, patent, trade secret, or otherwise, then you must execute documents that we may require to prove ownership of such improvements by, and to transfer ownership thereof to us.~~

5.26 Improvements. If Franchisee, during the Term of the Franchise, conceives or develops any improvements or additions to the System, including any new products, trade names, trade and service marks and other commercial symbols related to the Franchised Business, or any advertising, promotion, or marketing ideas related to the Franchised Business, or have any suggestions, comments or other feedback with respect to the System (collectively, "Improvements"), Franchisee shall fully disclose the Improvements to Franchisor without disclosure of the Improvements to others and shall obtain Franchisor's written approval prior to the use of such Improvements. Any such Improvement approved by Franchisor may be used by Franchisor and its affiliates and all other franchisees of Franchisor without any liability to you or obligation to Franchisee for royalties or other compensation. Franchisee shall assign to Franchisor, and hereby does assign to Franchisor, without charge, all rights to such Improvements, together with the goodwill associated with the Improvements, including the right to grant sublicenses to any such Improvements. Franchisor, at its discretion, may make application for and own copyrights, trade names, trademarks, and service marks relating to any such Improvements. Franchisor also may consider such Improvements as the property and trade secrets of Franchisor. Franchisor shall authorize Franchisee to utilize any Improvement authorized generally for use by other franchisees.

5.27 Proprietary Information.

(a) ~~(a)~~ Receipt of Proprietary Information. You acknowledge that before or during this Agreement, we may reveal to you, orally or in writing, certain trade secrets, know-how, and other confidential information (collectively, "Proprietary Information") relating to the System, our business, or the construction, management, operation, or promotion of the Franchised Business. "Proprietary Information" does not include (i) information that is public or becomes public not through you, (ii) information revealed to you by a third party who has valid and unrestricted control of the information, (iii) information that you can prove by clear and convincing evidence was in your genuine and unrestricted possession when you began to investigate the purchase of a Granite Garage Floors franchise.

(b) ~~(b)~~ Nondisclosure of Proprietary Information. You may not use or disclose or permit any person to use or disclose any Proprietary Information (including without limitation any portion of the Manuals) to any other person. You may only disclose the amount of information necessary for your advisors and employees to perform their jobs in the operation of the Franchised Business. You will be liable to us for any unauthorized use or disclosure of Proprietary Information by any of your employees or any other individual to whom you disclosed Proprietary Information. You must take reasonable measures to protect the Proprietary Information from unauthorized use or disclosure and use any systems, procedures, or training programs that we require.

5.28 ~~5.19~~ Taxes. You must pay on time all taxes, assessments, and governmental charges on or against you or your real or personal properties, income, and revenues. However, no such tax, assessment, or governmental charge needs to be paid if the validity, applicability, or amount is being contested by you in good faith by the correct proceedings. The correct funds must be maintained by you in trust to pay the disputed amount, if necessary.

5.29 ~~5.20~~ Bookkeeping and Records. You must keep complete accurate books, records, and accounts of all business conducted under this Agreement in accordance with generally accepted accounting principles. You must preserve all of your books and records in such manner as we require for at least five years from the date created or longer if required by law. We may require in the Manuals and you acknowledge and agree that we will have access to that data remotely via a network connection that we will specify. You must use ~~such the bookkeeping software and other computer systems that we require which integrate into our CRM system and which will allow us independent access to~~ we designate in the operation of your ~~computer system for the~~ Franchised Business, and you must pay the ~~information contained therein~~ then-current fee for this software, which as of the Effective Date is \$55 per month. All such fees shall be paid to Franchisor at the times and by the method specified by Franchisor.

5.30 ~~5.21~~ Reports and Financial Statements. You must submit financial and operational reports and records and your tax returns to us at the times and in the method stated in the Manuals. You must submit an unaudited statement of sales for each calendar month to us, within ten days of the end of the calendar month. Within 90 days after the end of each fiscal year, you must submit to us your balance sheet and income statement for the fiscal year just ended. You or your Operating Principal must certify that the fiscal year end income statement and balance sheet are correct and complete, and that they have been prepared in accordance with generally accepted

accounting principles. We have the right to require that you provide us with audited financial statements if an Event of Default has occurred within the last fiscal year.

5.31 Demonstration Kits and Product Samples. We will sell to you a Demonstration Kit and product samples for inclusion in this Kit. You shall pay our then-current costs for a Kit and product samples. The cost of the Kit as of the Effective Date is \$430 and the costs of samples vary based on the type of sample. You must maintain at least one fully stocked Demonstration Kit for use in your Franchised Business at all times. All such amounts shall be paid to us at the times and by the method we may specify.

5.32 5.22-Additional Information. You must respond promptly to requests from us for clarification and/or additional information about any under this Agreement. We may periodically require information about your financial condition, earnings, sales, profits, costs, expenses, and performance to provide information to prospective franchisees about actual or potential sales or to comply with applicable laws and regulations. You must provide such information promptly on our request, and you must certify that such information is true and complete in all material respects.

5.33 5.23-Auditing. Without restricting the above sections, we may give five (5) days' written notice and then audit or cause to be audited any financial statement you are required to submit to us under this Agreement. We may review or cause a review, of all records maintained by any bank or other financial institution used by you for the Franchised Business. If any audit or review reveals an understatement of fees due for any period, you must pay to us, (i) all additional Operating Fees or other amounts required based on the audit or review and (ii) if the understatement is more than 2% of Gross Sales, the cost of the audit or review, including without limitation the charges of any independent accountant and the cost of travel, meals, lodging, and compensation of the accountant and employees or other agents of us and any other direct costs we incur internally as a part of the audit. This must be paid within five (5) days after a demand for payment is made. You must on demand pay to us interest at the rate of eighteen percent (18%) per annum or at the maximum rate allowed by law, whichever is less, calculated from the date the fees should have been paid to the date of actual payment.

5.34 5.24-Inspection. During business hours and without prior notice to you, we have the right to: (i) inspect the Franchised Business, including the vehicles, and any location from which it is operated for compliance with the Manuals, (ii) to videotape, photograph or record the operation of your Franchised Business, (iii) to interview your employees, landlords (if any), and customers, (iv) to examine the records, invoices, payroll records, check stubs, sales tax records and returns, and other supporting records and documents of your Franchised Business, and (v) to examine your income tax records and any other information, records or properties relating to the ownership, management, or operation of your Franchised Business. Our right to inspect your business records includes records maintained electronically or otherwise, wherever located. You must cooperate with inspections by giving our representatives unrestricted access and assistance as reasonably requested. If we notify you of any deficiencies after the inspection, you must promptly take steps to correct them. If you fail to correct any deficiencies within a reasonable time, we have the right, but not an obligation to correct them and charge you a reasonable fee, due immediately. Inspections will be made at our expense, unless they are required by your repeated failure to meet the terms of this Agreement. In this case we may charge you the costs of making the inspection. These costs include compensation for our representatives and their travel, living, and expense costs.

~~5.25 — Indemnification. You agree to hold harmless, defend, and indemnify us and our affiliates. This includes our and their past, present, and future officers, directors, shareholders, managers, members, agents, attorneys, consultants, and employees against any claims, demands, fines, losses, costs, expenses (including, but not limited to, reasonable attorneys' fees, costs of investigation, settlement costs, and interest), liabilities, and damages (collectively "Damages") resulting directly or indirectly from your activities under this Agreement or the operation of your Franchised Business, including the sale thereof. We have the right, but not the obligation, to: (i) choose counsel; (ii) direct and control the handling of the matter; and (iii) settle any claim against the indemnitees. This Section 5.25 will survive the expiration or termination of this Agreement and applies to Damages even if they exceed the limits of your insurance coverage.~~

~~5.26 —~~

5.35 Indemnification. You agree at all times to defend at your own cost, and to indemnify and hold harmless to the fullest extent permitted by law, us, our affiliates, successors, assigns and designees, and the respective directors, members, managers, officers, employees, agents, shareholders, attorneys, designees, and Franchise Agreement

representatives of each (us and all other hereinafter referred to collectively as “Indemnitees”) from all losses and expenses (as hereinafter defined) incurred in connection with any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon your operation of the Franchised Business and exercise of your rights under this Agreement, including without limitation any of the following: (i) your infringement or alleged infringement of, or any other violation or alleged violation of, any patent, trade or service mark or copyright or other proprietary right owned or controlled by third parties; (ii) your alleged violation or breach of any warranty, representation, agreement or obligation in this Agreement; any act, errors or omissions of you or any of your agents, servants, employees, contractors, partners, proprietors, affiliates or representatives; (iii) the inaccuracy, lack of authenticity or nondisclosure of any information by you to any customer of the Franchised Business; (iv) any services or goods provided by you or any affiliated or non-affiliated participating entity, or any failure to pay for the same; (v) any action arising from an alleged violation of a labor or employment law; (vi) any action by any customer of the Franchised Business, and, any damage to the property of you or us, our or your agents or employees, or any third party, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused in part through the active or passive negligence of us or you or any of us or your respective agents or employees, or resulted from any strict liability imposed on us or you or any of our or your respective agents or employees. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the Franchised Business.

(a) For the purpose of this Section, the term “losses and expenses” shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and costs of changing, substituting or replacing same, and any and all expenses of recall refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

(b) You agree to give us written notice of any such action, suit, proceeding, claim, demand, investigation or inquiry that could be the basis for a claim for indemnification by any Indemnitees within three (3) days of your actual or constructive knowledge of it. We may elect to undertake the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that we will seek your advice and counsel, and shall keep you informed, with regard to any such proposed or contemplated settlement(s). Such an undertaking by us shall in no manner or form diminish your obligation to indemnify us and to hold us harmless. Alternatively, we may make arrangements with you for your defense and/or settlement of such matter and you shall pay all costs thereof and shall provide full indemnification to us with respect to any judgment or settlement as provided in this Section 5.35.

(c) In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, as we deem appropriate, at any time and without notice, offer, order, consent or agree to settlements or take such other remedial or corrective actions as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry, or investigation if, in our sole judgment, there are reasonable grounds to believe that:

- (i) any of the acts or circumstances enumerated in this Section have occurred, or
- (ii) any act, error, or omission of you may result directly or indirectly in damage, injury or harm to any person or property.

(d) All losses and expenses incurred under this Section shall be chargeable to and paid by you pursuant to your obligations of indemnity under this Section regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity or defense. Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom you may contract, regardless of the purpose. You shall hold harmless and indemnify Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of these parties. Under no circumstances shall Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you. You agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Indemnitees from you.

(e) Specifically excluded from the indemnity you give hereby is any liability associated with us or the other Indemnitees' gross negligence, willful misconduct or criminal acts (except to the extent that joint liability is involved, in which event the indemnification provided herein shall extend to any finding of comparative or contributory negligence attributable to you).

5.36 Your Covenant Not to Compete.

(a) ~~(a)~~ During Term. You acknowledge that you will receive valuable and specialized training. You will also receive Proprietary Information regarding the manufacturing, operational, sales, promotional, and marketing methods of the System. During this Agreement, unless you are given prior written consent, you and your Owners will not directly or indirectly by themselves, or on behalf of, or with any other person:

(i) ~~(i)~~ own, manage, engage in, be employed by, advise, make loans to, or have any other interest in any business that offers products or services relating to the sale, installation or servicing of epoxy or other garage floor coatings at any location in the United States by any means, including, without limitation, sales via the Internet or catalog ("Competitive Business"), or that grants licenses or franchises for Competitive Businesses;

(ii) ~~(ii)~~ divert or attempt to divert any business, customer, or franchisee or potential business, customer, or franchisee of any GGF Business to any Competitive Business, by direct or indirect inducement or otherwise;

(iii) ~~(iii)~~ perform, directly or indirectly, any other act harmful to the goodwill associated with the Marks and the System; or

(b) ~~(b)~~ After Termination, Expiration, or Transfer. For two (2) years after the expiration or termination of this Agreement, you and your Owners may not without our prior written consent, (i) directly or indirectly own, manage, engage in, be employed by, advise, make loans to, or have any other interest in: (a) any Competitive Business that is (or is intended to be) located within your Territory, including one operated from any location out of which you operated the Business, or within a fifty (50) mile radius of your Territory; or (b) any business or other venture that is located at or within any of the foregoing which is granting franchises or licenses for Competitive Business wherever located, or which is located outside of the foregoing area but is granting franchises or licenses for business to be located in such area, or (ii) divert or attempt to divert any business, customer, or franchisee or potential business, customer, or franchisee of any GGF Business to any Competitive Business, by direct or indirect inducement or otherwise. The time period in this Section ~~5.265.36~~(b) will run from the expiration or termination of this Agreement or from the termination of the Owner's relationship with you, whichever occurs first.

(c) ~~(c)~~ Publicly Traded Corporations. Ownership of less than five percent (5%) of the outstanding voting stock of a publicly traded corporation that is a Competitive Business will not violate this Section ~~5.265.36~~.

(d) ~~(d)~~ Covenants of Owners. The Owners personally bind themselves to this Section ~~5.265.36~~ by signing the form of Guarantee, attached hereto as Exhibit E.

(e) ~~(e)~~ Enforcement of Covenants. You acknowledge and agree that (i) the time, territory and scope of the covenants provided in this Section ~~5.265.36~~ are reasonable and necessary for the protection of our legitimate business interests; (ii) you have received necessary consideration in exchange for those covenants; (iii) enforcement of the same would not force excessive hardship; and (iv) the period of protection provided by these covenants will not be reduced by any time during which you are in violation of those covenants or any period of time required for enforcement of those covenants. If this Section ~~5.265.36~~ is legally determined unenforceable because of its scope, area or length of time, it may be made enforceable by reducing the unenforceable factor to make such factor enforceable. The other factors will be enforced to the fullest extent acceptable. You agree that any claim you may have against us will not create a defense to our enforcement of the covenants in this Section ~~5.265.36~~. You acknowledge that any breach or threatened breach of this Section ~~5.265.36~~ will cause us irreparable injury and no remedy at law is available. You consent to an injunction prohibiting any conduct violating the terms of this Section ~~5.265.36~~. The injunctive relief will be in addition to any other remedies that we may have.

(a) ~~(a)~~ Definition of Transfer. For purposes of this Agreement, "Transfer" as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any interest in this Agreement, the License, the Franchised Business, substantially all the assets of the Franchised Business, or in the ownership of the Franchisee (if you are an Entity, "Transfer" as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance).

(b) ~~(b)~~ No Transfer Without Our Consent. This Agreement and the License are private to you. We have granted the License in reliance on your (and, if you are an Entity, your Owners') business skills, financial capacity, and personal character. So, neither you or any owner and successors of your interest in this Agreement or License may make any Transfer or permit any Transfer to occur without getting our prior written consent. If you or any of your Owners want to make a Transfer, you must promptly provide us with written notice. Any alleged Transfer, without our prior written consent, will be null and void and will create an Event of Default (as defined in Section 6.1). If this occurs, we may terminate this Agreement without an opportunity to cure the Event of Default. We have sole and absolute discretion to withhold our consent, except as provided in Sections ~~5.275.37~~(c) through ~~5.285.37~~(g). We have the right to communicate with you, your counsel, and the proposed transferee on any part of a proposed Transfer. You agree to provide any information and documentation about the proposed Transfer that we reasonably require. No Transfer that requires our consent may be completed until at least sixty (60) days after we receive written notice of the proposed Transfer. Our consent to a Transfer does not abandon any claims that we have against the transferor. Our consent does not waive our right to demand strict compliance with the Agreement.

(c) ~~(c)~~ Transfer Of Entire Business. For a proposed Transfer of your Franchised Business or this Agreement (or, if you are an Entity, a Transfer of ownership interests that would result in a change of control), the following conditions apply (unless waived by us):

(i) ~~(i)~~ You must satisfy all of your accumulated monetary obligations to us and our affiliates.

(ii) ~~(ii)~~ You must be in compliance with all obligations to us under this Agreement, and any other agreement that you have with us and our affiliates by the date of the request for our approval of the Transfer. If you are not in compliance by this date, then you must make arrangements acceptable to us to be in compliance by the date of the Transfer.

(iii) ~~(iii)~~ You and your Owners must execute our then-current conditional consent to transfer which will contain a general release, in a form that we select. This form will release us, our affiliates, and our affiliates' past, present, and future officers, directors, managers, members, equity holders, agents, and employees, from all claims, including without limitation claims arising under federal, state, and local laws, rules, and regulations.

(iv) ~~(iv)~~ You and your Owners must agree to remain liable for all of the obligations to us in connection with the Franchised Business that occur before the effective date of the Transfer. You must execute any and all documents that we reasonably request to prove such liability.

(v) ~~(v)~~ You and all your Owners agree in writing to be bound by the provisions of Sections ~~5.165.25~~ (Intellectual Property), ~~5.185.27~~ (Proprietary Information), ~~5.255.35~~ (Indemnification), and ~~5.265.36~~(b) (Your Covenant Not to Compete). You and all your Owners must act as if this Agreement has expired or been terminated on the effective date of the Transfer.

(vi) ~~(vi)~~ You must pay us a transfer fee of Five Thousand Dollars (\$5,000) (the "Transfer Fee").

(vii) ~~(vii)~~ Your proposed transferee (or, if the transferee is not an individual, then each owner of any valuable interest) must show that he or she meets our qualifications to become a Granite Garage Floors franchisee. If the transferee is already a Granite Garage Floors franchisee, he or she must not be in default under any agreements with us and must have a good record of customer service and compliance. In addition, your proposed transferee's proposed Operating Principal must be reasonably satisfactory to us.

(viii) ~~(viii)~~ Your proposed transferee (and, if the transferee is not an individual, then the owners of a valuable interest in the transferee) must execute our then-current form of franchise agreement, and any other agreements that we may require. These agreements will supersede this Agreement in all respects. The

terms of the new franchise agreement may differ significantly from the terms of this Agreement. The prospective transferee will not be required to pay any Initial Franchise Fee.

(ix) ~~(ix)~~ Your proposed transferee and their representatives must successfully complete our then-current training requirements at their expense.

(x) ~~(x)~~ The transfer must include all material assets used with your Franchised Business and your proposed transferee must upgrade the vehicles, and the location from which the Franchised Business is operated. This upgrade must be done at their own expense and it must follow our then-current standards and specifications for new franchised businesses.

(xi) ~~(xi)~~ Your proposed transferee must covenant that it will continue to operate under the Marks and using the System.

(xii) ~~(xii)~~ If the proposed transferee is an Entity, then its owner or owners of a valuable interest in the transferee must execute our then-current form of personal guarantee.

(d) ~~(d)~~ Transfer Of Partial Ownership Interest. You must give us an advance notice and submit a copy of all proposed contracts and other information for any proposal to admit a new Owner, remove an existing Owner, or change the distribution of ownership shown, or for any other transaction that transfers directly or indirectly any interest in the Franchised Business. We have the right to require a reimbursement for any out-of-pocket expenses that we incurred in reviewing the proposed Transfer. We have a reasonable time (not less than thirty (30) days) after we have received all requested information to evaluate the proposed Transfer. You must satisfy the conditions in Sections 5-275.37(c) (ii), (iii), (v) and (xiii). We may withhold our consent on any reasonable grounds or give our consent subject to any reasonable conditions. You acknowledge that any new owner must submit a personal application and execute a personal guarantee in the same form signed by the original Owners.

(e) ~~(e)~~ Transfer To An Entity. We will consent to the assignment of this Agreement to an Entity that you form for the convenience of ownership, provided that: (i) the Entity has and will have no other business besides operating the Franchised Business; (ii) you satisfy the conditions in Sections 5-275.37(c) except subsections (iii), (vi), (vii), (ix), and (x), and (iii) the Owners hold equity interests in the new Entity as stated to us.

(f) ~~(f)~~ Transfer Upon Death Or Incapacity. If you or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee must apply to us in writing within three (3) months after the event (death, declaration of incapacity, or filing of a bankruptcy petition) for consent to Transfer the person's interest. The Transfer will be subject to the provisions of this Sections 5-275.37, as applicable. In addition, if the deceased or incapacitated person is you or the Operating Principal, we will have the right (but not the obligation) to take over operation of the Franchised Business until the Transfer is completed and to charge a reasonable management fee for our services. For purposes of this Section, "incapacity" means any physical or mental illness that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of Transfer by inheritance, if the heirs or beneficiaries are unable to meet the conditions of Section 5-275.37(c), the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for Transfers contained in this Agreement. If an interest is not transferred under this Section 5-275.37(f) within one hundred eighty (180) days after the date of death or appointment of a personal representative or trustee, we may terminate this Agreement under Section 6.2 (Our Remedies After An Event of Default).

(g) ~~(g)~~ Our Right Of First Refusal.

(i) ~~(i)~~ Our Right. We have the right within forty-five (45) days of receiving your notice of intent to Transfer with the required documentation and information, to send you a written notice that we plan to purchase the interest proposed to be Transferred. We will purchase this interest at the same amount and conditions offered by the third-party or, if we wish, at the cash amount equal (in our opinion) to any non-cash items. If it is not possible to agree on a reasonable cash amount or if the Transfer is a gift, then we will name an independent appraiser (at our expense) to determine the fair market value of the interest. We may purchase the interest at the fair market value determined by the appraiser. Closing on our purchase must occur within ninety (90) days after our notice to the seller choosing to purchase the interest. We may assign our right of first refusal to someone else either before or after we exercise it. However, the right of

first refusal will not apply to Transfers to an Entity under Section ~~5-275.37~~(e) or to Transfers to your spouse, son, or daughter (including Transfers to your spouse, son, or daughter as a result of death or incapacity as described in Section ~~5-285.37~~(f)).

(ii) ~~(ii)~~ ~~Declining Our Right~~. If we elect not to exercise our rights under this Section, the transferor may complete the Transfer after complying with Sections ~~5-275.37~~(b) to ~~5-275.37~~(f). Closing of the Transfer must occur within ninety (90) days of our election (or such longer period as applicable law may require). If it does not, then the third-party's offer will be treated as a new offer subject to our right of first refusal. Any material change in the offer from a third party after we have elected not to purchase the seller's interest will create a new offer subject to the same right of first refusal as the third party's initial offer. The Transfer is conditional on our determination that the Transfer was on terms substantially similar to those offered to us. Our failure to exercise our right of first refusal shall not affect our rights to approve a Transfer, all of which shall remain in full force and effect.

5.38 ~~5-28~~ Compliance with Laws and Regulations. You must comply with all applicable federal, state, and local laws, rules, regulations, and ordinances. You must obtain and maintain good standing in any and all licenses, permits, and consents necessary for you to lawfully operate the Franchised Business. You have the sole responsibility for this compliance regardless of any information or advice that we may provide.

5.39 ~~5-29~~ Notice of Proceedings. You must notify us in writing within five (5) days of the start of any action, suit or proceeding, or of the issuance of any inquiry, subpoena, order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality in connection with the operation or financial condition of your Franchised Business. This includes, but is not limited to, any criminal action or proceeding brought by you against any employee, customer, or other person, but this does exclude any civil proceedings against customers to collect monies owed.

5.40 ~~5-30~~ Ownership and Guarantee.

(a) ~~(a)~~ Operating Principal. If you are an Entity, you must assign an individual owner as your Operating Principal. The Operating Principal must complete our training program and have the authority over all business decisions related to your Franchised Business. They must also have the power to bind you in all dealings with us. You may not change the Operating Principal without our prior approval.

(b) ~~(b)~~ Owners of Equity. If you are an Entity, each of your Owners must execute the "Payment and Performance Guarantee" (the "Guarantee") attached as Exhibit E. By executing the Guarantee, each Owner will be bound by the provisions of this Agreement. This includes, but is not limited to, the restrictions stated in Section ~~5-265.36~~ (Your Covenant Not to Compete). A violation of any provision in this Agreement, including Section ~~5-265.36~~, by any Owner will constitute a violation of your obligations under this Agreement. The individuals executing this Agreement under the Guarantee represent that they are your sole owners.

(c) Novation. If this Agreement is signed by an individual, then before opening the Franchised Business you shall, at your sole expense, establish an Entity provide us with all requested information regarding such entity. You shall also, at your sole expense, agree to amend, assign or novate this Agreement so that your corporate entity shall be the counterparty to this Agreement and the legal operator of the Franchised Business. A form of Novation Agreement is attached hereto as Exhibit H.

(d) ~~(d)~~ Governing Documents. If you are (or transfer this Agreement to) an Entity, you shall provide us with a list of holders of direct or indirect equity interests and their percentage interests. Additionally, you shall give us copies of your governing documents and any other corporate documents, books, or records, including certificates of good standing from your state of incorporation or organization. The Owners may not enter into any shareholders' agreement, management or operating agreement, voting trust, or other arrangement that gives a third party the power to direct or control your affairs without our prior written consent. During the Term of this Agreement, your governing documents must state that no transfer of any ownership interests may be made unless they are made in accordance with the terms of this Agreement. Any securities that you issue must have a visible printed legend that shows this.

6. ~~6-~~ TERMINATION AND DEFAULT

6.1 ~~6.1~~ Events of Default. One or more of the following creates an "Event of Default" under this Agreement:

(a) ~~(a)~~ You fail, refuse, or neglect to pay any money owed to us or our affiliates or suppliers, or you fail to make sufficient funds available to us as provided in Section 3.8 (~~Method of Payment~~ Electronic Funds Transfer) within ten (10) days after receiving written notice of your default or thirty (30) days after due date of the payment, whichever is the shorter period. If you have previously been given at least two notices of nonpayment for any reason within the last 24 months and you then fail to timely pay any money when it's due. You fail to pay any supplier any non-disputed amount in accordance with such supplier's terms.

(b) ~~(b)~~ You make any material misrepresentations or errors in your application to us for the franchise, this Agreement, or any related documents. You submit to us any report or statement that you know or should know is false or misleading.

(c) ~~(c)~~ You refuse to permit, or try to obstruct, an examination or audit of your books and records of your Franchised Business as required by this Agreement.

(d) ~~(d)~~ You fail to timely file any periodic report that is required in this Agreement or in the Manuals for three (3) or more times in a 12-month period. It does not matter whether or not you later remedy the default.

(e) ~~(e)~~ You or the Operating Principal, fail to complete Initial Training to our satisfaction by within 120 days of the ~~Opening Deadline stated in Section 5.1(b) (Opening Deadline) of this Agreement~~ Effective Date.

(f) ~~(f)~~ You fail to begin operating your Franchised Business by within 120 days of the ~~Opening Deadline stated in Section 5.1(b) (Opening Deadline) of this Agreement~~ Effective Date.

(g) ~~(g)~~ You voluntarily suspend operation of the Franchised Business without our prior written consent for five (5) or more consecutive business days where you were required to operate. This is unless we determine, in our sole discretion, that the failure was beyond your control.

(h) ~~(h)~~ You use any of the Marks or any other identifying characteristics other than in the operation or advertising of the Franchised Business.

(i) ~~(i)~~ You reveal the contents of the Manuals, or the other trade secrets, or of the Proprietary Information in violation of Section ~~5.18~~ 5.27 (Proprietary Information).

(j) ~~(j)~~ You or any Owner file or have filed against you any petition for bankruptcy, make an assignment for the benefit of your creditors, have an execution levied against your business assets, or have a suit to foreclose any lien or mortgage filed against you or any Owner or any of your or an Owner's assets, which is not dismissed within 30 days of filing.

(k) ~~(k)~~ You, any Owner, or any of your officers or directors are convicted of a felony, a crime involving moral turpitude, a consumer fraud charge, or any other crime or offense that we believe is likely to have a material negative effect on our franchise system, the Marks, or any associated goodwill of the foregoing.

(l) ~~(l)~~ Any Transfer occurs and does not comply with Section ~~5.27~~ 5.37 (Transfer and Assignment). This includes a failure to transfer to a qualified successor after death or disability within the time stated by Section ~~5.27~~ 5.37 (f).

(m) ~~(m)~~ You or any Owner violates the non-compete covenants in Section ~~5.26~~ 5.36 (Your Covenant Not to Compete).

(n) ~~(n)~~ You fail to comply with any law, regulation, or ordinance and it results in a threat to the public's health or safety, and you fail to remedy the non-compliance within twenty-four (24) hours of receiving a notice from us or from public officials, whichever occurs first.

(o) ~~(o)~~ You default under any other franchise agreement or agreement between you and us, or our affiliates, as long as the default permits us or our affiliates to terminate the agreement.

(p) ~~(p)~~ You fail to comply with any other covenant, agreement, standard, procedure, practice, or rule stated by us in this Agreement, in the Manuals, or in writing. You then fail to remedy the breach to our satisfaction within 20 days (or longer as applicable law may require) after we give you a written notice of the default.

(q) ~~(q)~~ You breach or fail to comply with any covenant, agreement, standard, procedure, practice or rule three (3) or more times within any 18-month period, whether or not the breaches or failure are similar and whether or not they are cured.

6.2 ~~6.2~~ Our Remedies After An Event of Default. If an Event of Default occurs, we may without notice or demand declare this Agreement, the License, and any other rights granted under this Agreement to be immediately terminated. In such case, except for what is stated below, this Agreement will have no further force or effect. Upon termination, you will not be relieved of any of your obligations, debts, or liabilities under this Agreement. This includes, but is not limited to, any debts, obligations, or liabilities that you accrued before the termination. Our right to terminate you is in addition to, all of the other rights and remedies available to us at law, in equity, or all of which are cumulative. We may, at our sole discretion, elect in lieu of termination of this Agreement, to require remedial training or other measures at your expense, or reduce or eliminate your exclusive Territory.

6.3 ~~6.3~~ Suspension of Our Performance. We do not have any obligation to perform or comply with our obligations to you under this Agreement or other agreements when a default exists, and until you remedy the default to our satisfaction.

6.4 ~~6.4~~ Our Performance of Your Obligations. We have the right, but we are not obligated, to perform any of your required obligations that you failed to perform under this Agreement. You must reimburse us on demand for all costs and expenses that we reasonably incurred in performing any obligation or duty. You must also pay interest to us on the amount of costs and expenses as stated in Section ~~3.93.10~~ (Interest on Overdue Late Payments; Interest; Partial Payment).

7. ~~7-~~ **YOUR OBLIGATIONS UPON EXPIRATION OR TERMINATION**

You promise and agree that on expiration or termination of this Agreement for any reason, unless we direct you otherwise:

7.1 ~~7.1~~ Payment of Costs and Amounts Due. You must pay on demand all sums owed to us and our affiliates. If this Agreement is terminated due to an Event of Default, you will promptly pay all damages, costs, and expenses, including reasonable attorneys' fees, incurred by us as a result of your default. These payment obligations will remain until they are paid in full. These payments can also lead to a lien in favor of us against your Franchised Business and all of your vehicles, and any and all of the personal property, fixtures, equipment, and products that you own at the time of the Event of Default. We are authorized to make any filings and to execute any documents on your behalf to perfect the lien created here. You will also pay to us all damages, costs, and expenses. This includes any reasonable attorneys' fees that we incurred after the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of this Section 7.

7.2 ~~7.2~~ Discontinue Use of the System and Intellectual Property. You must immediately stop operating your Franchised Business. You must immediately stop using the Intellectual Property (Marks and Trade Dress) in advertising or in any other manner. This also includes all other distinctive forms, slogans, signs, symbols, and devices associated with the System. You must immediately stop using the confidential methods, procedures, and techniques associated with the System.

~~7.3~~ Return of Proprietary Information. You must immediately return to us at your expense, all copies of the Manuals, all Customer Data in your direct or indirect possession, and all other Proprietary Information (and all copies). You must also refrain from disclosing any Proprietary Information to third parties.

7.3 ~~7.4~~ Cease Identification with Us. You must immediately take all action required (i) to cancel all assumed name or similar registrations relating to your use of the Marks and (ii) to cancel or transfer to us all telephone numbers, post office boxes, and other directory listings related to the Franchised Business. You acknowledge that we have the sole rights and interests in all telephone numbers, post office boxes, and directory listings associated with any of the Marks. If you fail to comply with this Section 7.4, you authorize us and permanently appoint us as your attorney-in-fact to the telephone company, postal service, and all listing agencies.

We will then transfer the numbers, boxes, and listings to us. The telephone company, the postal service, and each listing agency may accept such direction by us under this Agreement. This Agreement is conclusive evidence of our exclusive rights in the telephone numbers, post office boxes, and directory listings and our authority to direct their transfer.

7.4 ~~7.5~~ Our Option to Purchase Certain Goods. Within seven (7) days of termination or expiration of this Agreement, we and you will arrange for an inventory to be made at your expense, of your supplies, equipment, vehicles, marketing materials, signs, and fixtures related to the operation of the Franchised Business. We will have the option, within sixty (60) days after the inventory has been made, to purchase from you any of those items at fair market value. If the parties cannot agree on fair market value within a reasonable time, we will select an independent appraiser after consultation with you, and his or her determination will be final and binding. If we exercise our option to purchase, we will have the right to set off all amounts due from you to us or our affiliates against any payments we make to you. If we do not exercise our option to purchase, you agree to dispose of your supplies, equipment, vehicles, marketing materials, signs, and fixtures that are proprietary or bear any of our Marks as we direct. You may not sell any supplies, equipment, vehicles, marketing materials, signs, and fixtures that are proprietary or bear any of our Marks without our prior written approval.

7.5 ~~7.6~~ Our Option to Assume Your Site Lease. You will, on request by us, assign any interest you have in any lease for the locations from which the Franchised Business is operated to us. If we assume your interest under any site lease, you will be responsible for paying rent and all other charges due under the site lease for all periods until the time of the assumption. If we pay any amount on your behalf, you must reimburse us for the amount on demand.

7.6 ~~7.7~~ De-identification of the Equipment and Franchised Business. With respect to any items we do not agree to purchase, as stated in Section 7.5, you must make modifications or alterations to your vehicles, the location from which the Franchised Business is operated immediately on termination or expiration of this Agreement. We consider these modifications necessary to distinguish the appearance of the foregoing from a GGF Business. These modifications include, but are not limited to, removing the signs, Marks, and any Trade Dress to show the public that you are no longer associated with us. You must provide us with photographic evidence that you have de-identified your vehicles and the location from which the Franchised Business was operated. If you do not comply with the requirements of this Section 7.7, we may take possession of the foregoing without being guilty of trespass or any other tort, for the purpose of making any required changes. You agree to reimburse us on demand for our expenses in making the changes.

7.7 ~~7.8~~ Promote Separate Identity. You will not directly, indirectly, or in any manner, identify yourself, or anyone else connected with you, as a "former 'Granite Garage Floors' franchisee." You will not identify yourself or anyone else as having been associated with GGF or, use in any manner or purpose, any of the Marks or Trade Dress.

7.8 ~~7.9~~ Comply with Noncompete. Your Owners must comply with the covenant not to compete in Section ~~5.26~~5.34(b) (Your Covenant Not to Compete).

7.9 ~~7.10~~ Injunctive and Other Relief. You acknowledge that your failure to comply with the provisions of Section ~~7~~ will result in irreparable harm to us and that our remedy at law for damages will be inadequate. So, you agree that if you breach any provisions of Section 7, we are entitled to injunctive relief (including the remedy of specific performance) in addition to any other remedies available at law or in equity.

8. ~~8-~~ **DISPUTE RESOLUTION AND GOVERNING LAW**

8.1 ~~8.1~~ Forum / Statute of Limitations.

~~(a) Subject to the requirements of Section 8.2, you and the Owners must file any suit against us, and we may file any suit against you, in a state court in the county where our principal place of business is located at the time the lawsuit is filed or filed in the federal district court for the district where our principal place of business is located at the time the lawsuit is filed. The parties waive all questions of personal jurisdiction and venue for the purpose of carrying out this provision.~~

~~(b)~~

(a) Contractual Statute of Limitations. Franchisee agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against GGF unless Franchisee brings an action/suit against GGF before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against GGF hereunder, whichever occurs sooner. Any action/suit that Franchisee does not bring during this time period shall be barred as a claim, counterclaim, defense, or set-off. Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by GGF, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement.

~~8.2 — Mandatory Alternative Dispute Resolution.~~

~~(a) — Mediation. Except as stated below, before filing any proceeding to resolve a dispute connected with this Agreement, the Franchised Business or the System, either party has the right to demand participation in mediation. One mediator will be selected by the parties and if they cannot agree, then a mediator will be selected by the American Arbitration Association ("AAA"). The mediation will be held near our principal offices in Ohio, will not last more than one day, and if the parties do not resolve their dispute, then any party may file litigation in accordance with the terms of this Agreement. The mediation will be governed by the rules of the AAA. The parties agree that mediation will be held no later than fourteen (14) days after a written request for mediation has been served on the other parties.~~

~~(b) — Arbitration. Except to the extent GGF seeks injunctive or other equitable relief to enforce provisions of this Agreement, and except for controversies, claims or disputes based on Franchisee's failure to pay any fees due hereunder when due; Franchisee's violation of any health or safety law; or Franchisee's use of the Marks, all controversies, claims or disputes between the parties arising out of or relating to (i) this Agreement or any other agreement between the parties, (ii) the relationship between the parties, or (iii) the scope and validity of this Agreement or any other agreement between the parties (including the scope and validity of the arbitration obligations under this section, which the parties acknowledge is to be determined by an arbitrator and not a court) shall be determined by arbitration with the AAA at the office of the AAA closest to GGF's principal executive office on the date of submission of the matter to the AAA. Such arbitration shall be conducted before one (1) arbitrator chosen in accordance with AAA commercial arbitration rules. The decision of the arbitrator shall be final and binding upon all parties concerned. Such decision shall be rendered within thirty (30) days of the close of the arbitration hearing record. In any arbitration proceeding, the parties agree that each must submit or file any claim which would constitute a compulsory counterclaim (as defined by the then current Rule 13 of the federal rules of civil procedure) within the same proceeding as the claim to which it relates. Any claim not submitted or filed as required is forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either party. GGF reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceedings to take place and by doing so will not be deemed to have waived or relinquished GGF's right to seek the recovery of those costs in accordance with this Section. The arbitration will be conducted on an individual, not a class wide basis, and the arbitration proceeding may not be consolidated with any other arbitration proceeding between GGF and any other person. Notwithstanding the foregoing or anything to the contrary in this section, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute and that such dispute shall be resolved in a judicial~~

8.2 Binding Arbitration.

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

(b) Prior to submitting any claim or dispute to arbitration, you shall give notice thereof to us setting forth in reasonable detail the nature and basis of the claim or dispute. The parties shall then seek to negotiate and resolve the dispute by direct negotiation between you and us over a period of not less than thirty (30) days. If the

dispute is not resolved directly by the parties, the parties shall then submit the dispute to mediation with an independent mediator agreed upon by the parties within another thirty (30) days unless the parties agree to forego mediation. Each party will bear their own costs and fees of the mediation; however, the mediator's fee will be split equally between the parties.

(c) If the dispute is not resolved through negotiation or mediation, either party may send written notice to (1) the other party, and (2) the Regional Office of the American Arbitration Association in or closest to the location of our principal offices at that time invoking the binding arbitration provisions of this Subsection. Any arbitration shall be conducted in the city or town in which our principal offices are located before a single arbitrator located within the state in which we are located who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. If the parties cannot agree upon an arbitrator, the arbitrator shall be selected in accordance with the American Arbitration Association rules. Prior to the commencement of hearings, the arbitrator shall provide an oath of undertaking of impartiality. The award of the arbitrator shall be final. The parties' further consent to the jurisdiction in any appropriate court to enforce the provisions of this Section and/or to enter a judgment upon any award rendered by the arbitrator. The costs and expenses of arbitration, including the prevailing party's attorney's fees and costs and the compensation and expenses of the arbitrator, shall be borne by the non-prevailing party.

(d) In the event that any such controversy or claim arising from this Agreement involves any of your officers, directors, shareholders, employees, representatives or agents, then any such controversy or claim shall also be submitted to binding arbitration in the same manner as set forth above. In the event any controversy or claim is submitted to binding arbitration as set forth above, the parties hereto agree that discovery prior to arbitration shall be restricted solely to exchanging lists of those witnesses and documents which may be presented at the hearing before the arbitrator, unless the parties otherwise mutually agree in writing to expand the scope of discovery.

(e) In proceeding in accordance with this Agreement. In all other respects, the rules of the AAA and the United States Arbitration Act shall control. Judgment upon the award rendered by the arbitration may be entered in any court having competent jurisdiction thereof. arbitration and in making determinations hereunder, the arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by us in good faith. If an arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then the parties agree to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated hereunder. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

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

(g) With regard to all claims brought under Section 8.2(f), you further agree as follows:

(i) You consent and agree that the following courts shall have personal jurisdiction over you in all lawsuits relating to or arising out of this Agreement or any ancillary agreement and waive any defense you may have of lack of personal jurisdiction or improper venue in any such lawsuits filed in these courts:
(a) all courts included within the state court system of the state in which our principal office is located; and
(b) all courts of the United States of America sitting within the state in which our principal office is located;

(ii) All lawsuits filed by you against us (whether in breach of the arbitration provisions of this Agreement or not) relating to or arising out of this Agreement or any ancillary agreement shall be required to be filed in one of these courts. Lawsuits filed by us against you may be filed in any of these courts or in any court in which jurisdiction and venue are proper; and

(ii) In all lawsuits related to or arising out of this Agreement, you consent and agree that you may be served with process outside the state in which our principal office is located in the same manner of service that may be made within that state by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction. You hereby waive any defense you may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

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

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

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

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

~~8.3~~ Governing Law. This Agreement has been executed, delivered in, and will be governed construed, and enforced in accordance with the laws of the State of Ohio. In the event of any conflict-of-law question, the laws of Ohio will prevail, without regard to the application of Ohio conflict-of-law rules.

~~8.3~~ 8.4 Mutual Waiver of Jury Trial. The parties both permanently waive trial by jury in any litigation.

~~8.4~~ 8.5 Mutual Waiver of Punitive Damages. Each of us waives any right to or claim of punitive, exemplary, multiple, or consequential damages against the other in litigation.

~~8.5~~ 8.6 Remedies Not Exclusive. Except as stated in Section ~~8.4~~8.5, no right or remedy that the parties have under this Agreement is limited to any other right or remedy under this Agreement or under applicable law. Every remedy will be in addition to every other remedy available at law or in equity or by statute or otherwise.

~~8.6~~ 8.7 Our Right to Injunctive Relief. Nothing in this Agreement prevents our right to obtain injunctive or declaratory relief against a breach or threatened breach of this Agreement that will cause us loss or damage. You agree that we will not be required to prove actual damages or post a bond in excess of One Thousand Dollars (\$1,000) or other security in seeking or obtaining injunctive relief (both preliminary and permanent) and/or specific performance with respect to this Agreement.

8.7 ~~8.8~~ Attorneys' Fees and Costs. You agree to reimburse us for all expenses we reasonably incur (including attorneys' fees): (i) to enforce the terms of this Agreement or any obligation owed by you and/or the Owners; and (ii) in the defense of any claim you and/or the Owners state against us and where we win in court or other formal legal proceedings.

9. ~~9~~ MISCELLANEOUS

9.1 Entire Agreement. This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document ("FDD") that we furnished to you.

9.2 ~~9.2~~ Amendments and Modifications. This Agreement may only be amended or modified by a written document signed by each party; provided, however, we may unilaterally amend or modify the Manuals at any time.

9.3 ~~9.3~~ Waiver. Any term or condition of this Agreement may be waived at any time by the party entitled to the benefit of the term. This waiver must be in writing. No amount of dealing or performance by any party, and no failure, omission, delay, or restraint by any party, in exercising any right, power, benefit, or remedy, will constitute a waiver of a right, power, benefit, or remedy. Our waiver of any particular default does not affect our rights to respond to any other default you may commit. Our waiver of a default by another franchisee does not affect our right to demand your strict compliance with the terms of this Agreement. We have no obligation to deal with similarly situated franchisees in the same manner. Our acceptance of any payments due from you does not waive any prior defaults.

9.4 ~~9.4~~ Importance of Timely Performance. Time is of the essence in this Agreement.

9.5 ~~9.5~~ Headings. The headings in this Agreement are for convenience only. They are not a part of this Agreement and will not affect the meaning or construction of any of its provisions.

9.6 ~~9.6~~ Severability. Each provision of this Agreement is severable from the others. If any provisions of this Agreement or any of the documents executed in connection with this Agreement are determined by a court to be invalid, illegal, or unenforceable, the invalidity will not affect any other remaining provisions of this Agreement or any other document. The remaining provisions will continue to be given full force and effect and bind us and you.

9.7 ~~9.7~~ Applicable State Law Controlling. If the termination, renewal, or other provisions stated in this Agreement are inconsistent with any applicable state statute, the statute will apply, but only to the inconsistency.

9.8 ~~9.8~~ Survival. Each provision of this Agreement that clearly specifies or implies that it is to be performed after the expiration, termination, or Transfer of this Agreement will survive an expiration, termination, or Transfer. This includes, but is not limited to Sections ~~5.16~~5.25 (Intellectual Property), ~~5.18~~5.27 (Proprietary Information), ~~5.23~~5.33 (Auditing), ~~5.24~~5.34 (Inspection), ~~5.25~~5.35 (Indemnification), ~~5.26~~5.36 (Your Covenant Not to Compete), and 7 (Your Obligations Upon Expiration or Termination).

9.9 ~~9.9~~ Consent. Whenever our prior written approval or consent is required under this Agreement, you must agree to make a timely written request to us for the consent. Our approval or consent must be in writing and signed by an authorized officer to be effective.

9.10 ~~9.10~~ Independent Contractor Relationship. The execution of this Agreement or any conduct by us will not create a fiduciary or other special relationship or make one of us an agent, legal representative, joint venturer, partner, employee or servant of each other for any purpose. You are not authorized to make any contract, agreement, warranty, or representation on our behalf, or to create any obligation, express or implied, on our behalf. During the Term, you agree to hold yourself out to the public as an independent contractor operating your Franchised Business and vehicles under license from us. You also agree to post a notice to clarify your independent contractor relationship according to Section ~~5.16~~5.25(a)-(ii) (Marks and Trade Dress) and, if we request, in your advertising and on your contracts, forms, stationery, and promotional materials.

9.11 ~~9.11~~ Notices. All approvals, requests, notices, and other communications reports required or permitted under this Agreement will not be effective unless in writing and ~~will~~ delivered to the party entitled to Franchise Agreement

receive the notice in accordance with this Section. All notices permitted or required to be delivered pursuant to this Agreement shall be deemed so delivered:

~~(ia) personally when delivered by hand;~~

~~(ib) three (3) days after placed in the United States mail by certified or registered or certified mail, return receipt requested, postage prepaid; or one (iii) by business day after placed in the hands of an overnight courier, for next day delivery service. Notices to you will be sent to the address provided to us. Notices to us must be sent to;~~ and in either case addressed to the party to be notified at its most current principal business address of which the notifying party has been notified (which, in the case of Franchisee, includes the address of the Franchised Business); or

~~Granite Garage Floors Franchising, LLC
c/o Legal Department
77 North Washington Street
Boston, MA 02114~~

~~Either party can change its mailing address or facsimile number by giving notice to the other party. Notices will be considered to be received on the same day when they are delivered personally. They will be considered to be received on an attempted delivery when sent by registered, certified, or overnight delivery service.~~

~~9.12 Execution in~~

~~(c) one (1) business day after being sent via email to the party to be notified as follows: if to Franchisor, to @.com and if to Franchisee, the Franchisor-provided email address for the Franchised Business.~~

~~9.12 Counterparts. This Agreement may be completed/executed in two or more counterparts. Each counterpart will, each of which when executed and delivered shall be considered an original, and all of them combined will form one complete agreement which together shall constitute one and the same instrument. An electronic signature (whether digital or encrypted, such as one transmitted via DocuSign) and/or a signature transmitted via electronic means (such as one transmitted via facsimile or in a PDF format via email) shall be effective to bind the party that transmitted the signature to the same extent as would a handwritten signature.~~

~~9.13 9.13 Successors and Assigns. Except as otherwise clearly stated, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors, and permitted assigns.~~

~~9.14 9.14 No Third Party Beneficiaries. Except as otherwise clearly stated in this Agreement, no third party shall have the right to claim any of the benefits conferred under this Agreement.~~

~~9.15 Reserved.~~

~~9.16~~

~~9.15 Force Majeure. Any delay in our or your performance of any duties under this Agreement, or any non-performance of such duties, that is not your or our fault (as applicable) or within your or our reasonable control – including, but not limited to, fire; riots; floods; war; embargos; natural disasters; Acts of God; war; civil commotion; any governmental act or regulation; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; late deliveries or non-deliveries of goods or non-furnishing of services by third party vendors; strikes; lockouts, and any other similar event labor troubles beyond such party's control — will not constitute a breach or cause a default under this Agreement, provided, however, that we or you (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay. Notwithstanding the above, no exercise of this force majeure provision shall excuse performance of this Agreement; rather, such exercise will allow for the delay of performance hereunder by the party or parties suffering the force majeure. The foregoing shall not apply to your payment obligations hereunder.~~

You and the Owners represent, warrant, and acknowledge as follows:

10.1 ~~10.1~~ Truth of Information. The information (including without limitation all personal and financial information) that you and your Owners have furnished or will furnish to us relating to the subject of this Agreement is true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

10.2 ~~10.2~~ Due Authority. This Agreement has been duly authorized and executed by you or on your behalf is a valid and binding obligation of you, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

10.3 ~~10.3~~ Terrorist Acts. You acknowledge that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 ("Order"), we are 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, you represent and warrant to us that, as of the date of this Agreement, neither you nor any person holding any ownership interest in you, controlled by you, or under common control with you is designated under the Order as a person with whom business may not be transacted by us, and that you: (i) do not, and hereafter will not, engage in any terrorist activity; (ii) are not affiliated with and do not support any individual or Entity engaged in, contemplating, or supporting terrorist activity; and (iii) are 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.

10.4 ~~10.4~~ Independent Investigation. You have conducted an independent investigation of the business venture contemplated by this Agreement and recognize that it involves business risks and that your results will be largely dependent upon your own efforts and ability. You have been accorded ample time to consult with your own attorney and other advisors about the potential risks and benefits of entering into this Agreement, and we have advised you to do so.

10.5 ~~10.5~~ Timely Receipt of Agreement and Franchise Disclosure Document. You have received an execution ready copy of this Agreement at least seven calendar days before you executed this Agreement or any related agreements or pay any consideration to us. You have also received our Franchise Disclosure Document at least 14 calendar days before you executed this Agreement or any related agreements or paid any consideration to us. You have reviewed this Agreement and the Franchise Disclosure Document and have been given ample opportunity to consult with, and ask questions of, our representatives regarding the documents.

~~{Signatures _____ on _____ next _____ page}~~

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the Effective Date.

IF YOU ARE AN INDIVIDUAL: PLEASE SIGN BELOW.

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____

[NAME OF FRANCHISEE]

Title: _____

Date: _____

Date: _____

IF YOU ARE A CORPORATION OR LIMITED LIABILITY COMPANY: THE OPERATING PRINCIPAL MUST SIGN THIS AGREEMENT ON BEHALF OF THE CORPORATION OR LLC. IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY THE OPERATING PRINCIPAL AND ALL OTHER OWNERS OF AN EQUITY INTEREST IN THE CORPORATION OR LLC, ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT.

GRANITE GARAGE FLOORS FRANCHISING, LLC

[INSERT CORPORATE NAME]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

IF YOU ARE A PARTNERSHIP: ALL PARTNERS MUST SIGN THIS AGREEMENT. IN ADDITION, THE AGREEMENT MUST BE GUARANTEED BY ALL PARTNERS ON THE GUARANTEE FORM ATTACHED TO THIS AGREEMENT.

GRANITE GARAGE FLOORS FRANCHISING, LLC

[INSERT PARTNERSHIP NAME]

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

By: _____

Title: _____

Date: _____

FRANCHISE AGREEMENT EXHIBIT A

The "Territory" shall be defined as follows:

The Territory shall include the geographical area of the following zip codes as of _____, 20__;

An official map denoting boundaries will be used for geographical borders. Should the geographical borders of this area change in any way, it will have no effect on the territory. Homes on the Territory side of roads that are bordering this Territory shall be included within this Territory.

FRANCHISE AGREEMENT EXHIBIT B

PROMISSORY NOTE

[\$amount]

Dated:

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

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

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

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

4. “Event of Default”. An “Event of Default” shall be deemed to have occurred in the event that: (a) any installment of principal or interest due hereunder is not paid after becoming due and payable; or (b) any default by Maker occurs in the performance of the covenants, obligations or other provisions under the Franchise Agreements between Maker and Payee (the “Franchise Agreement(s)”), or any other agreement between Maker (or its affiliates) and Payee; or (c) any representation or warranty of the Maker set forth in the Franchise Agreement(s), or any other agreement between Maker and Payee proves to have been incorrect in any material respect; or (d) Maker becomes subject to any bankruptcy,

insolvency or debtor relief proceedings; or (e) Maker fails to comply with or perform any provision of this Note not constituting a default under the previous items of this paragraph and such failure continues for fifteen (15) days after notice thereof to Maker; or (f) a default occurs causing the acceleration of any material obligation of Maker to any other creditors; or (g) any guarantor of the Franchise Agreement(s) revokes or renounces their guaranty; or (h) the Franchise Agreement(s) is terminated by Maker or by Payee or is declared terminated in any judicial proceeding.

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

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

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

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

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

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

11. Limitation on Interest. All agreements between Maker and Payee, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity hereof or otherwise, shall the interest contracted for charged, or received by Payee, or any subsequent holder hereof, exceed the maximum amount permissible under applicable law. If any interest in excess of the maximum amount of interest allowable by said applicable laws is inadvertently paid to Payee or the holder hereof, at any time, any such excess interest shall be refunded by the holder to the party or parties entitled to the same after

receiving notice of payment of such excess interest. All interest paid or agreed to be paid to Payee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread throughout the full period until payment in full of the principal (including the period of any renewal or extension hereof) so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between Maker and Payee as to the payment of interest.

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

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

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

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

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

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

17. Assignment. Payee may sell or assign this Note at Payee's sole discretion. If Payee sells or assigns this Note Payee will not remain primarily obligated under the Note. Additionally, Maker

will also lose all of its defenses against Payee as they relate to this Note as a result of the sale or assignment.

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

MAKER:

[INSERT NAME OF FRANCHISEE ENTITY]

~~By Its Members:~~

By: _____

[NAME] _____

Its: [TITLE] _____

PAYEE:

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____

[NAME] _____

Its: [TITLE] _____

FRANCHISE AGREEMENT EXHIBIT C
ELECTRONIC FUNDS TRANSFER (EFT)
AUTHORIZATION AGREEMENT ~~FOR DIRECT PAYMENTS~~

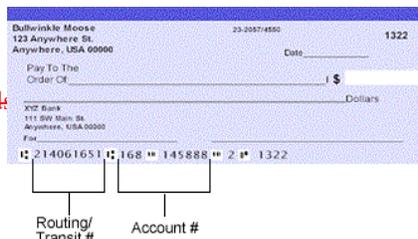
~~I (We, if joint account) the~~ The undersigned, (“Franchisee”) hereby ~~authorize~~ authorizes **Granite Garage Floors Franchising, LLC**, a Georgia limited liability company, with principal offices at 17700 Saint Clair Avenue, Cleveland, OH, 44110 (“GGF”), to initiate electronic transfer/direct debit of funds for payment of any and all amounts which Franchisee may owe to GGF or its affiliates under the Franchise Agreement, note, security agreement, or other document or agreement between Franchisee and GGF or its affiliates (the “Obligations”). All transfer/direct debit of funds shall be made out of ~~my (our) primary Checking or Savings selected~~ the business bank account (the “Account”) identified below at the Financial Institution indicated, for payment of Royalties or other amounts, which I may owe Granite Garage Floors Franchising, LLC identified below.

~~I (We)~~ Franchisee acknowledge that the origination of Automated Clearing House (ACH) transactions to ~~my (our) account~~ the Account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by ~~my (our) bank~~ the Financial Institution of any electronic funds transfer/direct debit, shall be ~~my (our)~~ Franchisee’s sole responsibility. This authorization is irrevocable and shall remain in effect until ~~the~~ 30 days after termination or expiration of the underlying Franchise Agreement ~~with Granite Garage Floors Franchising, LLC~~ between Franchisee and GGF.

Franchisee acknowledges that the Obligations will be debited by GGF as they become due, or the closest business day thereafter. Franchisee agrees to keep sufficient funds in the account listed below to pay all Obligations. If ~~I (we) do~~ Franchisee does not have enough money in ~~my (our) account~~ the Account to cover the transfer/direct debit, or if ~~my (our)~~ the Financial Institution for any other reason refuses to honor a transfer, ~~I (we)~~ Franchisee will separately pay for the ~~charges I (we) owe under my (our) Franchise Agreement with Granite Garage Floors Franchising, LLC~~ Obligations upon demand.

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

~~I (we) acknowledge that these funds~~



~~1 month, or the closest business day~~

Name(s): _____

ENTITY: _____

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

Signature: _____ Date: _____

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

Day Phone: (→) _____ Evening ~~Phones~~ Phone: (→) _____

~~Please fill out this form and attach a voided check.~~

FRANCHISE AGREEMENT EXHIBIT D

FRANCHISE OPTION AMENDMENT TO FRANCHISE AGREEMENT

THIS AMENDMENT TO FRANCHISE AGREEMENT (the "Amendment") is made and entered into this _____ day of _____, 20____, by and between GRANITE GARAGE FLOORS FRANCHISING, LLC, a Georgia limited liability company, with its principal place of business at 17700 Saint Clair Avenue, Cleveland, OH, 44110 (hereinafter "Franchisor"), and _____, a _____ with its _____ at _____ (hereinafter "Franchisee").

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

[FOR CERTAIN NEW FRANCHISEES]: Franchisor waives the Initial Franchise Fee stated in Section 3.1 of the Franchise Agreement.

2. ~~[FOR EXISTING AND CERTAIN NEW FRANCHISEES]:~~ Section 3.2(a) of the Franchise Agreement is amended as follows:

Strike "six and one-half percent (6.5%)" and replaced with ~~nine~~ten and one-half percent (~~9~~10.5%).

3. If the Franchise Agreement is renewed in accordance with Section 2.2 thereof, Franchisee and Franchisor agree that the Royalty Fee rates, as amended by Section 2 of this Amendment, shall be applied to the renewal term and that they shall enter into an amendment of the renewal franchise agreement if necessary to apply such Royalty Fee rates.

4. Except as specifically amended above, all other provisions of the Franchise Agreement remain in full force and effect.

5. If there is a conflict between this Amendment and the Franchise Agreement, this Amendment will prevail.

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

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____

Its: _____

FRANCHISEE

By: _____
Its: _____

FRANCHISE AGREEMENT EXHIBIT E
GRANITE GARAGE FLOORS FRANCHISING, LLC
PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Granite Garage Floors Franchising, LLC ("GGF") to enter into a GGF Franchise Agreement (the "Franchise Agreement") with 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 GGF and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee to GGF, absolute or contingent, of every kind and nature, whether now existing or incurred later, whether incurred under 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 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 trying 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, 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 GGF and Franchisee and of the settlement, compromise, or adjustment thereof. This Guarantee is primary and not secondary, and shall be enforceable without GGF 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 shall 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 shall be irrevocable and unconditional and shall 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 GGF and its affiliates 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 GGF in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by GGF of any right or remedy shall preclude other further exercise of that right or any other right or remedy.

4. **Covenants.** Each of the Guarantors agrees to be individually bound by all covenants, obligations, and commitments of Franchisee as if each of the Guarantors had individually been named as Franchisee in the Franchise Agreement and the Guarantors had individually executed the Franchise Agreement and agree that each of the Guarantors will take any and all actions as may be necessary or appropriate to cause Franchisee to comply with the Franchise Agreement and will not take any action that would cause Franchisee to be in breach of the Franchise Agreement.

5. **Dispute Resolution.** Section 8 (Dispute Resolution and Governing Law) of the Franchise Agreement is incorporated here by reference and will be applicable to all disputes between GGF and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

6. **Miscellaneous.** This Agreement will be binding upon the Guarantors and their heirs, executors, successors, and assigns, and will be for the benefit of GGF and its successors and assigns. All obligations of the Guarantors hereunder are joint and several in each and every respect.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned Guarantors have caused this Guarantee to be signed of the day and year first above written.

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

FRANCHISE AGREEMENT EXHIBIT F
RENEWAL AMENDMENT

THIS _____ AMENDMENT TO FRANCHISE AGREEMENT (the “Amendment”) is made and entered into as of _____, by and between **GRANITE GARAGE FLOORS FRANCHISING, LLC**, a Georgia limited liability company (hereinafter, "Franchisor"), and _____, [an individual] or [a _____ corporation/limited liability company] with [a primary residence] or [its principal place of business] at _____ (hereinafter "Franchisee").

Franchisor and Franchisee entered into a Franchise Agreement dated _____ for the operations of a Granite Garage Franchise around the area of _____ (“Old Franchise Agreement”) and now wish to renew.

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

1. Notwithstanding anything set forth in the Franchise Agreement to the contrary, this Agreement shall continue for _____ (the “Term”), unless terminated earlier as set forth herein.

2. ~~1-~~ Franchisor hereby acknowledges that Franchisee has completed the selection of the office location as set forth in **Section 5.75.8** of the Franchise Agreement.

3. ~~2-~~ Franchisor waives the initial training program requirement in **Section 5.84.2(a)** of the Franchise Agreement.

4. ~~3-~~ The Initial Franchise Fee stated in **Section 3.1** of the Franchise Agreement is waived and Franchisee shall not pay to Franchisor the Initial Franchise Fee.

5. ~~4-~~ Franchisee acknowledges that the Franchise Business is fully operational as of the Effective Date of the Franchise Agreement. Franchisee further acknowledges that Franchisee is responsible for all payments due upon commencement of operations (including minimum royalties) as of the Effective Date of the Franchise Agreement.

~~5. Franchisor and Franchisee agree that the Local Advertising spending requirement in Section 5.10(f) applicable to the first thirty-six (36) months of operation shall not apply.~~

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

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

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

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

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

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

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

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

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

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

**FRANCHISOR:
GRANITE GARAGE FLOORS
FRANCHISING, LLC**

By:
Name:
Title:

FRANCHISEE:

[\[INSERT NAME OF FRANCHISEE\]](#)

By:
Name:
Title:

FRANCHISE AGREEMENT EXHIBIT G
MULTI-TERRITORY DEVELOPMENT ADDENDUM

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

INTRODUCTION

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

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

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

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

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

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

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

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

7. If, for any reason, the Franchise Agreement or Agreements for Territories in which Franchisee has commenced operations are terminated prior to Franchisee commencing operations in all

Territories, then Franchisor shall have the right to immediately terminate the Franchise Agreements for any Territories in which Franchisee has not yet commenced operations.

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

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

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

[THIS ADDENDUM CONTINUES WITH A RIDER,

WHICH IS A PART OF THIS ADDENDUM]

MULTI-TERRITORY DEVELOPMENT ADDENDUM RIDER

Development Territories:

<u>FRANCHISE AGREEMENT NO.</u>	<u>TERRITORY ID</u>	<u>ZIP CODES</u>

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

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

GRANITE GARAGE FLOORS FRANCHISING, LLC

By:

Its:

ENTITY

By: [NAME], [TITLE]

FRANCHISE AGREEMENT EXHIBIT H

NOVATION AGREEMENT

THIS NOVATION AGREEMENT (the "Novation") is made and entered into this _____ day of _____ by and between: (i) Granite Garage Floors Franchising, LLC ("GGF"), a Georgia limited liability company with its principal office at 17700 Saint Clair Avenue, Cleveland, OH, 44110, [NAME], an individual with a primary address at _____, ("Franchisee"), an individual with a primary address at [ADDRESS], and ENTITY, a _____ limited liability company with its principal office at _____ ("ENTITY")

RECITALS

A. Franchisee is a Granite Garage Floors® franchisee under a franchise agreement with GGF dated [DATE] (the "Franchise Agreement"); and

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

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

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

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

AGREEMENT

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

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

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

4. REPRESENTATIONS AND WARRANTIES OF ENTITY AND FRANCHISEE TO GGF

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

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

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

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

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

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

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

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

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

[Remainder of page intentionally blank; signature page follows]

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

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

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____

Its: _____

ENTITY

By: [NAME], [TITLE]

BY: NAME, TITLE

FRANCHISEE:

(in his individual capacity)

FRANCHISE AGREEMENT APPENDIX A
STATE ADDENDA TO THE FRANCHISE AGREEMENT

ADDENDUM TO GRANITE GARAGE FLOORS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATES OF
CONNECTICUT, GEORGIA, LOUISIANA,
MAINE, NORTH CAROLINA AND SOUTH CAROLINA

Notwithstanding anything to the contrary set forth in the GRANITE GARAGE FLOORS FRANCHISING, LLC Franchise Disclosure Document, the following provision shall supersede and apply to all Granite Garage Floors® franchises offered and sold in the states of Connecticut, Georgia, Louisiana, Maine, North Carolina and South Carolina:

If you are a new franchisee seeking to participate in the Franchise Option Program disclosed in Item 5 the refund of the Initial Franchise Fee will not apply to you if you reside in or are domiciled in, or your Franchised Business is located wholly or partly in, any of Connecticut, Georgia, Louisiana, Maine, North Carolina or South Carolina. However, you may [otherwise](#) participate in the Franchise Option Program and receive the same benefits as an existing franchisee under the Program.

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF CALIFORNIA**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of California.

This California Addendum is only applicable if you are a resident of California or if your business will be located in California.

1. The California Franchise Relations Act (Business and Professions Code Section 20000 through 20043), provides franchisees with additional rights concerning transfer, termination and nonrenewal of the Franchise Agreement and certain provisions of the Franchise Agreement relating to transfer, termination and non-renewal may be superseded by the Act. There may also be court decisions which may supersede the Franchise Agreement and your relationship with Franchisor, including the areas of transfer, termination and renewal of Franchisee's franchise. If the Franchise Agreement is inconsistent with the law, the law will control.

2. The Franchise Agreement requires Franchisee to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 - 20043)). To the extent required by such laws, Franchisee shall not be required to execute a general release.

3. The Franchise Agreement requires application of the laws and forum of Ohio. This provision may not be enforceable under California law.

4. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

5. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.

6. The Franchise Agreement contains a covenant not to solicit which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

7. The Franchise Agreement may require binding arbitration. The arbitration will occur at the office of the American Arbitration Association closest to franchisor's principal executive office. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code section 20040.5, Code of Civil Procedure section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

8. California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

9. Section 10 of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].

10. Pursuant to Section 31512.1 of the California Franchise Investment Law, 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.

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the California Franchise Relations Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF HAWAII**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Hawaii.

This Hawaii Addendum is only applicable if you are a resident of Hawaii or if your business will be located in Hawaii.

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

Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF ILLINOIS**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Illinois.

1. Illinois law governs the Franchise Agreement.
2. Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.
3. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of the Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.
5. The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.
6. The provision in the Franchise Agreement which terminates the franchise upon the bankruptcy of the Franchisee may not be enforceable under Title 11, United States Code, Section 101.
7. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF INDIANA**

Notwithstanding anything to the contrary set forth in the **GRANITE GARAGE FLOORS FRANCHISING, LLC** Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Indiana.

1. In accordance with IC 23-2-2.7-1, the applicable sections of the Franchise Agreement are hereby amended to provide that Franchisor will not: (a) require the Franchisee to execute a release in connection with the renewal or transfer of the franchise which purports to relieve any person from liability to be imposed under the Indiana Deceptive Franchise Practices Act; (b) require the Franchisee to covenant not to compete with the Franchisor in an area greater than the Designated Territory set forth in the Franchise Agreement, upon termination of or failure to renew the Franchise Agreement; or (c) limit litigation brought for breach of the Franchise Agreement.

2. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern. Each of the undersigned hereby acknowledges having read and understood this Addendum and consents to be bound by all of its terms.

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana franchise laws are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF MARYLAND**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Maryland.

1. Sections 2.2 and ~~5.275.37~~ of the Franchise Agreement are revised to provide that, pursuant to COMAR 02.02.08.16L, the general release required as a condition to renewal, sale or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. Section 6.1(j) of the Franchise Agreement is revised to provide that termination upon bankruptcy might not be enforceable under the U.S. Bankruptcy Act, but Franchisor intends to enforce it to the extent enforceable.
3. Section 8.1 of the Franchise Agreement is revised to include the following language:

“Notwithstanding the provisions of this section, you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.”
4. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
5. The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
6. Section 10, titled YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS, of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].
7. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF MINNESOTA**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Minnesota.

1. Minnesota Statutes, Section 80C.21, and Minnesota Rules 2860.4400(J) prohibit Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties, or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (a) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C; or (b) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.

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

3. To the extent required by the Minnesota Franchise Act, Franchisor will protect Franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols related to the trademarks or indemnify Franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the trademarks, provided Franchisee is using the names in marks in accordance with the Franchise Agreement.

4. Minnesota Rules 2860.4400(D) prohibits Franchisor from requiring Franchisee to assent to a general release.

5. Franchise Agreement, Section 9.3, is revised to comply with Minnesota Statutes, Section 80C.17, subd. 5.

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

7. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes, Chapter 80C, are met independently without reference to this Addendum.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF NEW YORK**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of New York.

1. Section 4.12 of the Franchise Agreement is revised to include the following:

“The Franchisor will not make an assignment except to an assignee who, in the Franchisor’s good faith judgment, is willing and able to assume its obligations under the Agreement.”

2. Sections 8.1 (relating to venue) of the Franchise Agreement are revised to include the following language:

“Provided, however, that all rights arising under Franchisee’s favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Section 687.4 and 687.5 be satisfied.”

3. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of Article 33 of the General Business Law of the State of New York are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF NORTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of North Dakota.

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted.

2. Section ~~5.26~~5.36 of the Franchise Agreement is revised to provide that covenants not to compete are generally considered unenforceable in the state of North Dakota.

3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.

4. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Franchise Agreement to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

“Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.”

5. Any references in the Franchise Agreement to any requirement to consent to a waiver of exemplary and punitive damages are deleted.

6. Any references in the Franchise Agreement to any requirement to consent to a waiver of trial by jury are deleted.

7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.

8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.

9. Any references in the Franchise Agreement requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Any references in the Franchise Agreement requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF RHODE ISLAND**

Notwithstanding anything to the contrary set forth in Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Rhode Island.

1. Sections 8.1 and 8.3 of the Franchise Agreement are supplemented by the addition of the following:

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

2. Each provision of this Addendum shall be effective only to the extent that, with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF SOUTH DAKOTA**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of South Dakota.

1. Section 6 of this Franchise Agreement is modified by adding the following at the end of the sentence:

“Under South Dakota law, termination provisions covering breach of the franchise agreement, failure to meet performance and quality standards, and failure to make royalty payments contained in the Disclosure Document and franchise agreement must afford a franchisee thirty (30) days written notice with an opportunity to cure the default prior to termination.”

2. Section ~~5.26~~5.36 of this Franchise Agreement is modified by adding the following at the end of the sentence:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of South Dakota, except in certain instances as provided by law.”

3. Section 8.2(b) of this Franchise Agreement is amended by adding the following at the end of the paragraph:

“except that matters coming under the South Dakota Law will be submitted to arbitration in a mutually agreeable location.”

4. Section 8.2(b) of this Franchise Agreement is amended to read as follows:

Except for matters coming under the South Dakota Law, litigation and arbitration must be in Ohio.

5. Section 8.3 of this Franchise Agreement is amended to read as follows:

“The law of South Dakota governs.”

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**ADDENDUM TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE AGREEMENT
FOR THE
STATE OF VIRGINIA**

Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Virginia.

1. Section 6.1 of the Franchise Agreement is modified by the insertion of the following at the end of such Section:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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

3. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this Addendum.

IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.

FRANCHISOR:
GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:

By: _____
Name: _____
Title: _____

IF INDIVIDUAL:
FRANCHISEE:

Name: _____

**WASHINGTON ADDENDUM
TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS**

~~Notwithstanding anything to the contrary set forth in the Granite Garage Floors Franchising, LLC Franchise Agreement, the following provisions shall supersede any inconsistent provisions and apply to all GGF franchises offered and sold or operated in the State of Washington.~~

~~4.~~

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.
16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the

franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised outlet Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchised outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such outlet.

~~2. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.~~

~~3. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~4. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~5. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~6. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

~~7. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.~~

~~8. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~

~~9. —~~

20. **Termination.** Section 10 of the Franchise Agreement is hereby deleted in its entirety and replaced with [Intentionally Deleted].

~~10. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any Franchisor, franchise seller, or other person acting on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.~~

~~IN WITNESS WHEREOF, the undersigned have executed this Addendum effective as of the date the Franchise Agreement.~~

FRANCHISOR:

**IF CORPORATION, LLC, OR PARTNERSHIP:
FRANCHISEE:**

GRANITE GARAGE FLOORS FRANCHISING, LLC

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

**IF INDIVIDUAL:
FRANCHISEE:**

Name: _____

EXHIBIT B
ADDITIONAL STATE-REQUIRED DISCLOSURES

~~(attached)~~

We are required to provide you with additional information as a condition of registering our franchise offering in certain states. The additional disclosures are set out below. These additional disclosures apply with respect to a certain state only if the jurisdictional requirements of that state franchise law are met.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF CALIFORNIA

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

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 FDD.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

OUR WEBSITE (WWW.GRANITEGARAGEFLOORS.COM) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

Pursuant to Section 31512.1 of the California Franchise Investment Law, 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.

California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

Item 3, Additional Disclosure. The following statement is added to Item 3:

“Neither we nor any person listed in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.”

Item 17, Additional Disclosures. The following statements are added to Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of the 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. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101, *et seq.*).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement provides for application of the laws of Ohio. These provisions may not be enforceable under California law.

The Franchise Agreement contains a covenant not to solicit which extends beyond the termination of the franchise. These provisions may not be enforceable under California law.

You must sign a general release if you transfer your franchise or execute a successor Franchise Agreement. These provisions may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 21000 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement requires that any action you bring be commenced in Ohio. Arbitration must occur in the office of the American Arbitration Association closest to our principal executive office. Any arbitration will be conducted in accordance with AAA Rules of Commercial Arbitration, before an arbitrator appointed by AAA. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

**ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF HAWAII**

1. Granite Garage Floors Franchising, LLC's Franchise Disclosure Document is currently registered or exempt, or seeking registration or exemption, in the states of: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
2. The states in which Granite Garage Floors Franchising, LLC's Franchise Disclosure Document is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
3. No state has refused, by order or otherwise, to register the franchise which is the subject of Granite Garage Floors Franchising, LLC's Franchise Disclosure Document.
4. No state has revoked or suspended the right to offer the franchise which is the subject of Granite Garage Floors Franchising, LLC's Franchise Disclosure Document.
5. Granite Garage Floors Franchising, LLC has not withdrawn the proposed registration of the Franchise Disclosure Document in any state.
6. The state cover page of the Granite Garage Floors Franchise Disclosure Document is amended to include the following:

THESE FRANCHISES HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A

STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, State of Hawaii, 335 Merchant Street, Honolulu, Hawaii 96813

No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising in the State of Hawaii.

**ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF ILLINOIS**

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, provides that any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void. This shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under the provisions of the Illinois Franchise Disclosure Act, nor shall it prevent the arbitration of any claims pursuant to the provisions of Title IX of the United States Code.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

The conditions under which your Franchise Agreement can be terminated and your rights upon nonrenewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

2. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF MARYLAND

Each chart in Item 17 of the Franchise Disclosure Document is amended as follows:

“Termination for bankruptcy filing may not be enforceable under the United States Bankruptcy Act, but we intend to enforce it to the extent enforceable.”

Items 17(c) and 17(m) are revised to provide that, under COMAR 02.02.08.16L, the general release required as a condition to renewal, sale, or consent to assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

Item 17(v) is modified by insertion of the following:

“Any Franchisee may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.”

Item 17 of the Franchise Disclosure Document and the Franchise Agreement are amended by the insertion of the following:

“The Franchise Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Registration and Disclosure Law. In light of the Federal Arbitration Act, there is some dispute as to whether the forum selection requirement is legally enforceable.”

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

**ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF MINNESOTA**

Trademarks. The following statement is added to Item 13:

”To the extent required by the Minnesota Franchise Act, we will protect your right to use the trademarks service marks, trade names, logo types or other commercial symbols related to the trademarks or indemnify you from any loss, costs, or expenses arising out of any claim, suit or demand regarding the use of the trademarks, provided you are using the names and marks in accordance with the Franchise Agreement.”

Choice of Forum and Law. The following statement is added to Item 17:

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

General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

Right to Jury Trial and Liquidated Damages. Waiver of Right to Jury Trial and Consent to Liquidated Damages or Termination Penalties:

The following statement is added to Item 17:

You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rule 2860.4400J, which among other things, prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes.

Notice of Termination. The following statement is added to Item 17(f):

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5 which require, except in certain specified cases, (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

Release of Claims. The following statement in Item 17(c) and 17(m) of the Franchise Disclosure Document are amended to add the following:

“We cannot require you to sign a release of claims under the Minnesota Franchise Act as a condition to renewal or assignment.”

Limitation of Claims. With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.17, Subd. 5 with respect to limitation of claims.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THE FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THE FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OF PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH AS LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust,

trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

4. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

5. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**:

You may terminate the agreement on any grounds available by law.

6. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

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

8. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF NORTH DAKOTA

1. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to sign a general release upon renewal of the Franchise Agreement. Therefore, the requirement that the franchisee signs a release upon renewal of the Franchise Agreement is deleted from Item 17(c) and from any other place it appears in the Disclosure Document.
2. Item 17(r) is revised to provide that covenants not to compete, such as those mentioned in Item 17(r) of the Disclosure Document, are generally considered unenforceable in the state of North Dakota.
3. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to consent to the jurisdiction of courts located outside of North Dakota. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to the jurisdiction of courts located outside of North Dakota are deleted.
4. The North Dakota Securities Commissioner has determined that it is unfair and inequitable under the North Dakota Franchise Investment Law for the franchisor to require the franchisee to agree to arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business. Therefore, any references in the Disclosure Document to any requirement that the franchisee consents to arbitration or mediation located outside of North Dakota are amended to include the following:

“Pursuant to the North Dakota Franchise Investment Law, the site of arbitration or mediation shall be agreeable to all parties and may not be remote from your place of business.”
5. Any references in the Disclosure Document to any requirement to consent to a waiver of exemplary and punitive damages are deleted.
6. Any references in the Disclosure Document to any requirement to consent to a waiver of trial by jury are deleted.
7. Any claims arising under the North Dakota franchise law will be governed by the laws of the State of North Dakota.
8. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.
9. Any references in the Disclosure Document requiring franchisee to consent to termination penalties or liquidated damages are deleted.

10. Any references in the Disclosure Document requiring the franchisee to consent to a limitation of claims are deleted. The statute of limitations under North Dakota law applies.
11. No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

**ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF RHODE ISLAND**

Item 17, Additional Disclosure. The following statement is added to Item 17:

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

ADDITIONAL DISCLOSURES TO
GRANITE GARAGE FLOORS FRANCHISING, LLC FRANCHISE DISCLOSURE
DOCUMENT REQUIRED BY THE STATE OF VIRGINIA

Item 17, Additional Disclosure. The following statement is added to Item 17:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.

ADDITIONAL DISCLOSURES WASHINGTON ADDENDUM TO THE
GRANITE GARAGE FLOORS FRANCHISING, LLC
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF
WASHINGTON

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

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

Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per

year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

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

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

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

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

19. **Financial Assurance.** In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the Franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement or offering circular, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised outlet Franchisee opens with a multi-unit purchase, payment of the franchise fee will be released proportionally with respect to each franchised outlet opened and until Franchisor has met all its pre-opening obligations under the Franchise Agreement and Franchisee is open for business with respect to each such outlet.

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.~~

~~RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

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

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

~~No statement, questionnaire, or acknowledgment signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by 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.~~

~~Item 5 of the Franchise Disclosure Document is amended to include the following statement:~~

~~"Franchisees who receive financial incentives to refer franchise prospects to the Franchisor may be required to register as franchise brokers under the laws of Washington State."~~

20. Termination. The table in Item 17, Provision (d) of the Franchise Disclosure Document is amended and the term "Not Applicable" is hereby deleted and replaced with "You may terminate under any grounds permitted by applicable state law."

EXHIBIT C
GENERAL RELEASE

~~(attached)~~

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____
by _____ (“Franchisee”), _____
_____ (“Guarantors”), and _____
_____ (“Transferee”) as a condition of (1) the
transfer of the GGF Franchise Agreement dated [month] [day], [year] between Granite Garage Floors
Franchising, LLC (“GGF”) and Franchisee (“Franchise Agreement”); or (2) the execution of a successor
Franchise Agreement by Franchisee and GGF. (If this Release is executed under the conditions stated in
(2) above, all references in this Release to “Transferee” should be ignored.)

1. **Release by Franchisee, Transferee and Guarantors.** Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasors”) freely and without any influence forever release (i) GGF, (ii) GGF’s past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) GGF’s parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the “Released Parties”), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and GGF or GGF’s parent, subsidiaries, or affiliates, arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law.

2. **Risk of Changed Facts.** Franchisee, Transferee, and Guarantors understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true. Franchisee, Transferee, and Guarantors hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. **Covenant Not to Sue.** Franchisee, Transferee, and Guarantors (on behalf of Releasors) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any person or entity released under Section 1 with respect to any Claim released under Section 1.

4. **No Prior Assignment and Competency.** Franchisee, Transferee, and Guarantors represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1; (ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. **Complete Defense.** Franchisee, Transferee, and Guarantors: (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Successors and Assigns.** This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

7. **Counterparts.** This Release may be executed in two or more counterparts (including by facsimile), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

8. **Capitalized Terms.** Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

The general release set forth in Section 1 shall not apply to any claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, or the rules adopted thereunder in accordance with RCW 19.100.220(2).

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: _____

Print Name: _____

Title _____

Date: _____

TRANSFEE:

By: _____

Print Name: _____

Title _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

EXHIBIT D
FINANCIAL STATEMENTS AND GUARANTEE OF PERFORMANCE

HS Group Holding Company, LLC and Subsidiaries

Consolidated Financial Report
December 31, 2024

Independent Auditor's Report	1-2
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Balance Sheet	3
Statement of Operations and Comprehensive Income	4
Statement of Members' Equity	5
Statement of Cash Flows	6
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Independent Auditor's Report

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

Opinion

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

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

Basis for Opinion

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

Emphasis of Matter

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

April 3, 2025

HS Group Holding Company, LLC and Subsidiaries

Consolidated Balance Sheet

December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Operations and Comprehensive Income

Year Ended December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Members' Equity

Year Ended December 31, 2024

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

HS Group Holding Company, LLC and Subsidiaries

Consolidated Statement of Cash Flows

Year Ended December 31, 2024

Cash Flows from Operating Activities

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

Cash Flows from Investing Activities

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

Cash Flows from Financing Activities

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

Effect of Exchange Rate Changes on Cash

Net Decrease in Cash

Cash - Beginning of year

Cash - End of year

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

107,082

(2,532,208)

7,506,132

\$ 4,973,924

\$ 630,000

Notes to Consolidated Financial Statements

December 31, 2024

Note 1 - Nature of Business

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

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

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

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

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

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

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

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

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

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

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

Note 2 - Significant Accounting Policies

Basis of Accounting

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

Principles of Consolidation

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

Accounts Receivable

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

Property and Equipment

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

Leases

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

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

Intangible Assets

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

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

Note 2 - Significant Accounting Policies (Continued)

Goodwill

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

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

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

Revenue Recognition

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

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

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

Note 2 - Significant Accounting Policies (Continued)

Payment Terms

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

Allocating the Transaction Price

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

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

Costs to Obtain a Franchise Agreement

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

Advertising Expense

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

Income Taxes

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

Concentrations of Credit Risk

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

Debt Issuance Costs

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 2 - Significant Accounting Policies (Continued)

Foreign Currency Translation

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

Use of Estimates

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

Subsequent Events

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

Note 3 - Accounts Receivable Credit Loss Allowance

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

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

Note 4 - Property and Equipment

Property and equipment are summarized as follows:

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

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

HS Group Holding Company, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024

Note 5 - Intangible Assets and Goodwill

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

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

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

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

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

Note 6 - Long-term Debt

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

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

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

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

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 6 - Long-term Debt (Continued)

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

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

Note 7 - Leases

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

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 7 - Leases (Continued)

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

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

Note 8 - Related Party Transactions

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

Note 9 - Members' Equity

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

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

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

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

Note 10 - Discontinued Operations

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

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

Notes to Consolidated Financial Statements

December 31, 2024

Note 10 - Discontinued Operations (Continued)

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

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

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

Consolidated Financial Report
December 31, 2023

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Independent Auditor's Report

RSM US LLP

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

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

RSM US LLP

Detroit, Michigan
April 24, 2024

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

Consolidated Balance Sheets
December 31, 2023 & 2022

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

See notes to consolidated financial statements.

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

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

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

See notes to consolidated financial statements.

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

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

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

See notes to consolidated financial statements.

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

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

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

(Continued)

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

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

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

See notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

Significant accounting policies:

Nature of services

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Payment terms

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

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

Revenue recognition

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

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

Contract balances

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

Commission costs

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Advertising funds

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses

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

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

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

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

Consideration:

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

Recognized amount of net assets of the Company:

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 2. Acquisition of Businesses (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 3. Property and Equipment

Property and equipment consisted of the following at December 31:

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

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

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

Note 4. Intangible Assets and Goodwill

Following is a summary of intangible assets:

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

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

Notes to Consolidated Financial Statements

Note 4. Intangible Assets and Goodwill (Continued)

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 5. Long-Term Debt

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

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

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

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

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

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

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

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

Future maturities of long-term debt are as follows:

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

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

Notes to Consolidated Financial Statements

Note 6. Leases

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 7. Commitments and Contingencies

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

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

Note 8. Members' Equity

Members' equity consisted of the following membership units:

	2023	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	88,117
Class B Units	11,431	5,250

	2022	
	Units Authorized	Units Outstanding
Class A Units	1,000,000	72,224
Class B Units	7,524	4,184

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

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

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

Notes to Consolidated Financial Statements

Note 8. Members' Equity (Continued)

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

Note 9. Discontinued Operations

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

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

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

Notes to Consolidated Financial Statements

Note 9. Discontinued Operations (Continued)

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

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

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

Notes to Consolidated Financial Statements

Note 9. Discontinued Operations (Continued)

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

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

THE FINANCIAL STATEMENTS AS OF, AND FOR THE PERIOD ENDED, MARCH 31, ~~2024~~2025 ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THE CONTENT OR FORM.

HS Group Holding Company, LLC (Consolidated)

Balance Sheet As of March 31, 2025

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

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

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

GUARANTEE OF PERFORMANCE

For value received, **HS GROUP HOLDING COMPANY, LLC**, a Delaware limited liability company (the “Guarantor”), located at Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, New York 10111, absolutely and unconditionally guarantees to assume the duties and obligations of **GRANITE GARAGE FLOORS FRANCHISING, LLC**, located at 17700 Saint Clair Avenue, Cleveland, OH 44110 (the “Franchisor”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Frisco, Texas, on the 28 day of April, 2025.

GUARANTOR:

HS GROUP HOLDING COMPANY, LLC

By: 

Name: Theodore DeMarino

Title: Chief Executive Officer

EXHIBIT E
OPERATIONS MANUAL TABLE OF CONTENTS

~~(attached)~~



GGF Operations Manual

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EXHIBIT F
LIST OF STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS

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

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<p><u>CALIFORNIA</u> California Department of Financial Protection and Innovation Franchise Division 2101 Arena Boulevard Sacramento, California 95834 320 West Fourth Street, Suite 750 Los Angeles, CA 90013-2244 Toll Free (866) 275-2677 Ask.DFPI@dfpi.ca.gov (email)</p>	<p><u>CONNECTICUT</u> State of Connecticut Department of Banking Securities Division 260 Constitution Plaza Hartford, Connecticut 06103-1800 (860) 240-8230 Agent: Banking Commissioner</p>
<p><u>HAWAII</u> (state administrator) Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 205 Honolulu, Hawaii 96813 (808) 586-2722 (for service of process) Commissioner of Securities</p>	<p><u>ILLINOIS</u> Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465</p>
<p><u>INDIANA</u> (state administrator) Indiana Secretary of State Securities Division, E-111 302 Washington Street Indianapolis, Indiana 46204 (317) 232-6681 (for service of process) Indiana Secretary of State 200 West Washington Street Indianapolis, Indiana 46204 (317) 232-6531</p>	<p><u>MARYLAND</u> (state administrator) Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2021 (410) 576-6360 (for service of process) Maryland Securities Commissioner</p>

<p><u>MICHIGAN</u></p> <p>Michigan Attorney General’s Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913 (517) 335-7567</p>	<p><u>MINNESOTA</u> (state administrator)</p> <p>Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1638</p> <p>(for service of process) Minnesota Commissioner of Commerce</p>
<p><u>NEW YORK</u> (state administrator)</p> <p>NYS Department of Law Investor Protection Bureau 28 Liberty Street 21st Floor New York, New York 10005 (212) 416-8222</p> <p>(for service of process) New York Secretary of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, New York 12231-0001 (518) 473-2492</p>	<p><u>NORTH DAKOTA</u></p> <p>North Dakota Securities Department 600 East Boulevard Avenue State Capitol Fourteenth Floor Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 328-2910</p> <p>(for service of process) Securities Commissioner</p>
<p><u>OREGON</u></p> <p>Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387</p>	<p><u>RHODE ISLAND</u></p> <p>Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Bldg 69-1 Cranston, Rhode Island 02920 (401) 462-9527</p>
<p><u>SOUTH DAKOTA</u></p> <p>Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, South Dakota 57501 (605) 773-3563</p>	<p><u>VIRGINIA</u></p> <p>State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street Richmond, Virginia 23219 (804) 371-9051</p> <p>(for service of process) Clerk of the State Corporation Commission 1300 East Main Street Richmond, Virginia 23219 (804) 371-9733</p>

<p>WASHINGTON (state administrator)</p> <p>Department of Financial Institutions Securities Division PO Box 41200 Olympia, Washington 98504-1200 (360) 902-8760</p> <p>(for service of process) Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater WA 98501 (360) 902-8760</p>	<p>WISCONSIN (state administrator)</p> <p>Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-8557</p> <p>(for service of process) Administrator, Division of Securities Department of Financial Institutions 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705</p>

EXHIBIT G

LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, ~~2023~~2024

STATE	NUMBER OF TERRITORIES
Arizona	
Chris Morgan 3480 S. Camellia Pl. Chandler, AZ 85248 480-404-2499	1
California	
Gard Van Antwerp 11504 Baird Ave Northridge CA 91326 213-200-7054	1
Colorado	
Todd Carstens 757 E 20 th Avenue, Suite 370-440 Denver, Colorado 80205 720-420-1210	5
Florida	
Sean Franco 554 South Crescent Drive Hollywood, FL 33021 954-558-9056	1
Keith Stopko Ryan Chiodo 11431 Venetian Lagoon Drive, Naples FL 33913 239-402-3656	<u>1</u>
Scott Evans Ryan Hardin 3215 SE 42nd Terrace Ocala, FL 34480 352-648-0614	1
Keith Stopko 12715 Wheatgrass Court Parrish, FL 34219 732-684-8645	2
Rich Whiddon 9668 Woodmont Place Windermere, FL 34786 407-235-4425	1 <u>2</u>
Georgia	
Alan Mishkoff 110 Mansell Circle, Suite 375 Roswell, GA 30075 678-500-9537	5
Kansas	
Greg Slicker	2 <u>3</u>

2319 West 84th Street Leawood, KS 66206 612-919-6124	
Maryland	
Keith McQuaid 5218 Tilbury Way Baltimore, MD 21212 410-925-5681	7
Massachusetts	
Robert and Liliya Frost 82 Wendell Ave., Suite 100 Pittsfield MA 01201 978-209-8817	1
Missouri	
Greg Slicker 2319 West 84th Street Leawood, KS 66206 612-919-6124	3
Nebraska	
David Vincent 7931 Lillibridge St. Lincoln, NE 68506 402-902-9555	1
North Carolina	
John C. MacMillan 206 Vista Blvd Arden NC 28704 828-707-1965	1
Keith O'Dell Jane O'Dell 4609 Myers Park Drive Durham, NC 27707 919-886-3110	1 <u>6</u>
Michael Diehl 637 W Shore Drive Swansboro NC 28584 252-646-9221	1
Justin Roche 13663 Providence Road, Suite 329 Weddington, NC 28104 704-900-4383	2
South Carolina	
John C. MacMillan 206 Vista Blvd Arden NC 28704 828-707-1965	<u>2</u>
Tennessee	
Dan Minninger 626 Deer Valley Drive	1

Hixson, TN 37343 423-661-9555	
Hal Bruen 2230 Southgate Blvd, Suite D Murfreesboro, TN 37128 615-398-4539	1
<u>Christine and Stephen Troehler</u> <u>595 Bonne Vista Drive</u> <u>White Pine TN 37890</u> <u>513-383-8256</u>	<u>1</u>
Texas	
Drake Reynolds and Richard Sanchez 11844 Bandera Road #474 Helotes, TX 78203 210-386-9441	1
Carter Gilbert 2600 E. Southlake Blvd, Suite 120-161 Southlake, TX 76092 480-340-3066	4
Virginia	
Kerry Gilbert 1245-G Cedar Rd, #221 Chesapeake, VA 23322 757-375-6408	1

Franchise Agreements Signed but Outlets Not Open as of December 31, ~~2023~~2024

STATE	NAME OF FRANCHISEE	ADDRESS	PHONE NUMBER
CO	Todd Carstens	1301 Wazee St, Unit 3D Denver, CO 80204	720-878-1908
FL	Richard Whiddon	9668 Woodmont Place Windermere FL 34786	407-235-4425
SC	John C. MacMillan	206 Vista Blvd Arden NC 28704	828-707-1965
TN	Christine and Stephen Troehler	595 Bonne Vista Drive White Pine TN 37890	513-383-8256 513-383-8256

<u>State</u>	<u>Name Of Franchisee</u>	<u>Address</u>	<u>Phone Number</u>
<u>KY</u>	<u>John Taylor Mari Taylor</u>	<u>287 Cal Avenue, Bowling Green, KY 42104</u>	<u>270-202-5307</u>
<u>WA</u>	<u>Christopher Culmore Mindy Culmore</u>	<u>16418 Country Club Drive, Burlington WA 98233</u>	<u>360-772-1656 253-468-1502</u>

Franchisees Who Have Left the System as of December 31, ~~2023~~2024

State	Name of Franchisee	Address	Phone Number	Reason for Leaving
<u>CO</u>	<u>Todd Carstens</u>	<u>1301 Wazee St, Unit 3D Denver, CO 80204</u>	<u>720-878-1908</u>	<u>Termination*</u>
FL	Gil Mandel	1904 Dewitt St. Panama City, FL 32401	850-771-8554	Termination
TXF <u>L</u>	Scott Schafer <u>Evans</u>	2600 E. Southlake Blvd <u>3215 SE 42nd Terrace Suite 120-161 Southlake, TX 76092</u>	817-789-5146 <u>352-6 48-0614</u>	Transfer

		Ocala, FL 34480		
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[*Franchise was terminated before opening for business.](#)

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the System.

EXHIBIT H
CONDITIONAL CONSENT TO TRANSFER

CONDITIONAL CONSENT TO TRANSFER AGREEMENT

THIS CONDITIONAL CONSENT TO TRANSFER AGREEMENT (the “Agreement”) is made and entered into on this ___ day of _____ (the “Effective Date”), by and between GRANITE GARAGE FLOORS FRANCHISING, LLC (“GGF”), a Georgia limited liability company ~~110 Mansell Circle, Unit 375~~ 17700 Saint Clair Avenue, Cleveland, Roswell OH, GA, 3007544110 with a principal place of business at _____ (“Franchisor”), _____ (“Franchisee”), an individual OR CORPORATION OR LLC with a primary residence at _____ (“Transferee”) (each a “Party” and collectively, the “Parties”).

WITNESSETH:

WHEREAS, a Franchise Agreement dated _____ (the “Existing Franchise Agreement”), was executed by and between Franchisee and Franchisor for the operation of a franchise location known as _____ (the “Franchise”); and

WHEREAS, each owner of Franchisee has entered into a Guaranty whereby they have personally guaranteed the performance of Franchisee’s obligations under the Franchise Agreement; and

WHEREAS, Franchisee wishes to sell, assign and transfer, and Transferee wishes to buy, assume and receive, all of Franchisee’s rights, obligations and assets relating to the Existing Franchise Agreement and the Franchise (collectively, the “Transfer”), as set forth in that Agreement between Franchisee and Transferee with effect as of the Transfer Date (the “Purchase Agreement”); and

WHEREAS, Franchisor has been notified of Franchisee’s desire to sell the Franchise to Transferee and Franchisee has requested that Franchisor consent to the Transfer under Section _____ of said Existing Franchise Agreement, or exercise its right of first refusal; and

WHEREAS, as a condition to the Transfer, Transferee will execute Franchisor’s then-current Franchise Agreement for a Franchise (collectively, the “New Franchise Agreement”), and the Existing Franchise Agreement will be terminated in accordance herewith; and

WHEREAS, Franchisor is willing to grant its consent to the proposed sale and transfer, subject to the terms and conditions in this Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged by each of the Parties hereto, the Parties agree as follows:

1. Condition Precedent. It is a necessary condition precedent to the performance of all obligations of all parties to this Agreement, specifically the grant of Franchisor’s consent, that the Transferee and Franchisee enter into the Purchase Agreement and that they complete the Transfer on the Transfer Date. If the Transfer is not completed on the Transfer Date, or on such alternate date as agreed upon by all parties in writing, this Agreement is void and Franchisor’s consent is revoked.
2. Conditions of Transfer. As a condition of Franchisor’s consent, Transferee and Franchisee collectively represent and warrant the following regarding the performance of the Transfer:

A. On the Transfer Date, Franchisee will transfer either all of the stock, shares, interests or other form of equity in Franchisee (“Franchisee Equity”), or substantially all Franchisee’s assets related to the operation of the Franchise, including but not limited to vehicles, facilities, equipment, inventory, uniforms, marketing materials, social media accounts, contracts, accounts receivable/payable, and customer data (the “Franchise Assets”) to Transferee. As of the Transfer Date, Transferee shall either have all right, title to and interest in the Franchise Assets, or control of the Franchisee Equity.

B. [Transferee / Franchisee] shall pay to the Franchisor the Transfer Fee of [AMOUNT] on the Transfer Date.

C. [OPTIONAL CLAUSE] No later than [DATE], the [Transferee / Franchisee] will make improvements to the Franchise Assets as directed by Franchisor to meet Franchisor’s prevailing design and branding criteria and will pay all costs, fees and expenses related to or arising out of the improvements.

D. Franchisee and Transferee acknowledge and agree that they have negotiated the Transfer without involvement by Franchisor and that, except for the preparation and execution of this Agreement for the purpose of exercising Franchisor’s right to consent, Franchisor has not participated in the transaction between them and, therefore, has no knowledge of, and does not attest to, and has no obligations for, the accuracy of any representations or warranties made by or between Franchisee and Transferee in connection with this transfer.

3. Obligations and Representations. As a further condition of Franchisor’s consent, Franchisee and Transferee separately represent and warrant the following:

A. Transferee Obligations and Representations. Transferee represents and warrants that:

i. Transferee has received disclosure of all franchise documents, including the New Franchise Agreement and Franchisor’s FDD, and that it has reviewed and acknowledged disclosure and receipt of the same.

ii. Transferee, not later than the Transfer Date, will execute Franchisor’s New Franchise Agreement and all related and ancillary documents.

iii. Transferee has complied, and will continue to comply, with all requirements of the Franchisor, including participation in training, purchasing inventory and equipment, updating fixtures and other preparations for operating the Franchise beginning on the Transfer Date, or at such other time as Transferee and Franchisor may agree.

iv. If necessary for the continued operation of the Franchise, Transferee has entered into a lease or taken assignment of an existing lease or entered into a sublease for or purchased the premises of the Franchise, effective as of the Transfer Date, and has provided evidence of such lease, sublease, assignment or purchase to the Franchisor in a form satisfactory to Franchisor. It is not the expectation of the Parties that Transferee will take possession of Franchisee’s personal residence, if such residence is used as the premises of the Franchise, but rather that Transferee shall be obligated to find a new premises for the continued operation of the Franchise no later than the Transfer Date.

B. Franchisee Obligations and Representations. Franchisee represents and warrants that:

i. Franchisee agrees that the Existing Franchise Agreement will terminate as of the Transfer Date. All post-termination obligations under the Existing Franchise Agreement, and all obligations of the Guarantors under their individual Guaranty, shall remain in full force and effect after the Transfer Date, until they expire according to their terms.

ii. Franchisee has complied, and will continue to comply, with all obligations under the Existing Franchise Agreement, including but not limited to payment of all amounts due and owing to the Franchisor, whether under the Existing Franchise Agreement or any other agreement, and, where necessary, the return of customer data and trademarked and proprietary materials to Franchisor.

iii. Franchisee is not in default of the Existing Franchise Agreement, or, to the extent Franchisee is in default, Franchisor and Franchisee have agreed in a separate writing on the resolution of such default.

iv. Franchisee has no right or title to the Trademark Assets and that it has not represented to Transferee or any other person, natural or fictitious, that it has right or title to the Trademark Assets. Franchisee has not entered into any agreement to sell or transfer the Trademark Assets. As of the Transfer Date, Franchisee will cease to identify itself or any other business it operates (excluding other Granite Garage Floors franchises owned by the Franchisee) as a current or former Granite Garage Floors franchise and will cease to use any Trademark Asset, including any Granite Garage Floors trademark, trade name or trade dress, or any colorable imitation of the same, or other indicia of a Granite Garage Floor franchise in any manner or purpose. "Trademark Assets" means all trade names, trademarks and trade dress of the Granite Garage Floors system, including the name "Granite Garage Floor" and any forms, slogans, signs, symbols, devices or other materials bearing the name "Granite Garage Floor".

v. Franchisee will continue to operate the Franchise until the Transfer Date. Franchisee shall remain obligated to pay Franchisor any amounts due and owing under the Franchise Agreement that arise on or before the Transfer Date.

vi. As of the Transfer Date, Franchisee has no security interest in the Franchise Assets or any assets related to the business of the Franchise, that are the subject of the Transfer, and no such security interest in the same will exist at any time after the Transfer Date. Franchisee waives any rights it has, had or every will have to foreclose on, levy upon or repossess the Franchise Assets or any assets related to the business of the franchise that are the subject of the Transfer.

vii. Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns, will not make any disparaging, derogatory or negative comments, statements or other communications, orally, in writing, or in any medium, to any person or organization about Franchisor or the Granite Garage Floor system or any parties or persons associated therewith, nor take any action that could have the effect of damaging the reputation of Franchisor, the Granite Garage Floor system or any parties or persons associated therewith.

4. Release. In consideration for Franchisor's consent, Franchisee, for itself, its affiliates, and its successors and assigns, hereby remises, releases and forever discharges Franchisor, its affiliates, successors and assigns, as well as the shareholders, members, principals, officers, directors, employees, attorneys, agents, heirs and executors of Franchisor, its affiliates, successors and assigns (collectively, the "Released Parties"), of and from any and all debts, demands, losses, actions, causes of action, suits, accounts, covenants, contracts, warranties, agreements, damages and any and all claims, demands and

liabilities whatsoever, of every name and nature, both in law and in equity, including without limitation causes of action arising out of alleged conspiracy, violations of any contract, express or implied, any covenant of good faith and fair dealing, *quantum meruit*, or any federal, state or municipal statute, regulation or ordinance, that the Franchisee, its affiliates, successors or assigns may now have or ever had against the Released Parties, whether under this Agreement, the Existing Franchise Agreement, or any other agreement, transaction, relationship, duty, obligation or in any other form, known and unknown, from the beginning of the world until the Transfer Date, it being the intent of the Franchisee to grant in favor of the Released Parties hereby a general release. Without otherwise limiting the generality of the foregoing release, the foregoing release will not apply to obligations of Franchisor to Franchisee specifically set forth in this Agreement.

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

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

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

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

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

5. Franchisor Consent and Representations. Under Section ____ of the Existing Franchise Agreement, the Transfer cannot take place without the consent of Franchisor. Contingent upon Franchisee's and Transferee's compliance with the terms and conditions of this Agreement, on or before 12:01 am of _____ (the "Transfer Date"), Franchisor consents, represents and warrants as follows:

A. Franchisor consents to the Transfer.

B. Franchisor waives its right of first refusal under Section _____ of the Existing Franchise Agreement.

C. Franchisor has reviewed the suitability of Transferee as a franchisee and Transferee has demonstrated to the sole satisfaction of Franchisor that the Transferee has the financial resources, character and ability to operate the Franchise.

D. Franchisor directs Franchisee to deliver to Transferee at the Transfer Date, for Transferee's use in accordance with the terms of the New Franchise Agreement, any and all physical Trademark Assets in the possession of Franchisee.

6. Singular Consent. Franchisee and Transferee acknowledge and agree that Franchisor's execution of this Agreement is not intended to provide, and will not be construed as providing, Franchisor's consent with regard to a transfer of any right or interest under any other agreement not specifically identified herein. Such consent must be separately obtained.

7. Changed Circumstances. Franchisee and Transferee understand and acknowledge that Franchisor may, in the future, approve transfers under different terms, conditions and policies than those stated in this Agreement. Franchisor's consent and waivers of the right of first refusal under this Agreement will not be relied upon in future transactions as indicative of Franchisor's position or the conditions which might be attached to future consents or waivers of its right of first refusal.

8. Indemnification.

A. Franchisee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Franchisee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Franchisee, jointly and severally with Transferee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Franchisee and Transferee regarding the Transfer.

B. Transferee agrees to indemnify, defend and hold harmless Franchisor, its officers, directors, principals, employees and representatives from and against any claims, losses, liabilities, costs or damages arising out of or related to a breach of any representation or warranty in this Agreement, or a breach of any obligations or provisions of this Agreement, by Transferee, its officers, directors, members, principals, employees, representatives, successors and assigns. Without limiting the generality of the foregoing, Transferee, jointly and severally with Franchisee, agrees to indemnify, defend and hold Franchisor, its officers, directors, principals, employees, attorneys and representatives from and against any claims, losses, liabilities or damages arising out of or related to (a) the Transfer or (b) any dispute between Transferee and Franchisee regarding the Transfer.

9. Non-Disclosure. Franchisor, Franchisee and Transferee agree to treat the existence and terms of this Agreement, the transactions contemplated hereby, and any communications, documents or agreements in connection herewith as "Confidential Information" as defined in the Existing Franchise Agreement and New Franchise Agreement, respectively, and to abide by the obligations contained in the Existing Franchise Agreement and New Franchise Agreement with respect thereto.

10. Additional Representations and Warranties. Franchisor, Franchisee and Transferee, separately and for themselves individually, represent and warrants that as of the Transfer Date: (i) it is a legal entity duly organized and validly existing under the laws of its state and/or country of incorporation, as applicable; (ii) it has the power and authority to enter into and accept the terms and conditions of this Agreement, (iii) as a corporation or limited liability company it has duly authorized its representative and that each such representative has the right and authority to enter into and to accept the terms and conditions of this Agreement on behalf of the corporation or limited liability company; and (iv) the execution, delivery and performance by it of this Agreement and its compliance with the terms and

provisions hereof does not and will not conflict with or result in a breach of any other agreement or relationship by a party with any other party.

11. Severability. If any provision of this Agreement will be declared illegal or unenforceable, in whole or in part, for any reason whatsoever, the remaining provisions are nevertheless deemed valid and binding.

12. Waiver. The waiver by any Party of any breach or violation of any provision of this Agreement will not operate or be construed as a waiver of any other or subsequent breach or violation hereof.

13. Entire Understanding. This Agreement sets forth the entire understanding of the Parties for the subject matter hereof, and may be amended only by a writing signed by all Parties hereto. This Agreement will be binding upon each signatory, and their respective heirs, executors, successors and assigns.

14. Governing Law; Jurisdiction. This Agreement will be governed by the laws of the State of Ohio without application of the principles of conflicts of law. Each of the Parties hereto irrevocably consents to the personal jurisdiction of the Federal and state courts of the State of Ohio, for any matter arising out of or relating to this Agreement, except that in any action seeking to enforce any order or judgment of such courts such personal jurisdiction will be non-exclusive.

15. Counterparts. This Agreement may be executed in one or more counterparts, including digital signatures, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the Effective Date.

FRANCHISOR:

GRANITE GARAGE FLOORS FRANCHISING, LLC

By:

Its:

FRANCHISEE:

_____ [enter name of corporate entity]

By:

Its:

TRANSFeree:

_____ [enter name of corporate entity]

By:
Its:

State Effective Dates

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

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

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT (our copy)

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Granite Garage Floors 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.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan requires we give you this disclosure document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.

If Granite Garage Floors 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit F.

The Franchisor is Granite Garage Floors Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, OH, 44110, Tel. ~~(518888)~~ [441-9859508-7686](tel:441-9859508-7686).

~~The Franchise Seller for this offering is JoAnne Ryan, 17700 Saint Clair Avenue, Cleveland, OH, 44110, Tel. (518) 441-9859.~~

Franchise Seller: _____
Name/Address/Telephone Number

Issuance Date: ~~May 1~~ [April 29, 2024](#) ~~2025~~

See Exhibit F for our registered agents authorized to receive service of process.

I received a disclosure document dated ~~May 1~~ [April 29, 2024](#) ~~2025~~ that included the following Exhibits:

A. Franchise Agreement	E. Operations Manual Tables of Contents
B. State Specific Addenda and Riders	F. State Administrators and Agents for Service of Process
C. General Release	G. List of Franchisees
D. Financial Statements and Guarantee of Performance	H. Conditional Consent to Transfer

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name:

Please sign this copy of the receipt, date your signature, and return it to Granite Garage Floors Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, OH, 44110, Tel. ~~(518888)~~ [441-9859508-7686](tel:441-9859508-7686).

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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The Franchisor is Granite Garage Floors Franchising, LLC, 17700 Saint Clair Avenue, Cleveland, OH, 44110, (518888) 441-9859.

~~The Franchise Seller for this offering is JoAnne Ryan, 17700 Saint Clair Avenue, Cleveland, OH, 44110, Tel. (518) 441-9859~~ 508-7686.

Franchise Seller: _____

Name/Address/Telephone Number

Issuance Date: ~~May 1~~ April 29, 2024 2025

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Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name:

Please sign this copy of the receipt, date your signature and retain this copy for your records.

| ~~4874-4655-2748, v. 5~~
4897-4426-4241, v. 9