

FRANCHISE DISCLOSURE DOCUMENT



GTN Capital Group LLC
A Connecticut Limited Liability Company
2542 Highlander Way,
Carrollton, Texas 75006
1-800-390-NERD

The franchise offered is for a business as a managed IT service provider, ~~including~~ specializing in services that include, but are not limited to, operating a technology sales, repair, and service business offering a wide variety of computer technology services and products primarily to ~~residential users and~~ small-to-medium sized businesses.

We offer three types of franchise locations. A new NerdsToGo Office (“New NerdsToGo Office”), a Conversion location (“Conversion Franchise”), and a Co-Brand location (“Co-Brand Franchise”). A Conversion Franchise is an existing managed service provider and technology repair and service business that converts to a NerdsToGo Office. A Co-Brand Franchise is an existing operating complementary business that operates a NerdsToGo Office within an Existing Business.

In a new NerdsToGo Office, a Conversion Franchise, and a Co-Brand Franchise, your business will be based out of a retail/office/industrial location.

The total investment necessary to begin the operation of a New NerdsToGo Office is ~~\$115,119~~2,812 to ~~\$172,809~~129,858. This includes ~~\$60,950~~63,769 to ~~\$63,250~~81,305 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin the operation of a Conversion Franchise is ~~\$84,057~~84,031 to ~~\$117,225~~128,578. This includes ~~\$58,950~~61,794 to ~~\$61,250~~70,854 which must be paid to the franchisor or its affiliates(s). The total investment necessary to begin the operation of a Co-Brand Franchise is ~~\$84,031~~84,057 to ~~\$124,977~~117,225. This includes fees that range from ~~\$58,950~~61,794 to ~~\$61,250~~70,942 which must be paid to us or our affiliates.

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(s) in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, please contact Scott Krupa at GTN Capital Group, LLC, 2542 Highlander Way, Carrollton, Texas 75006, 214-346-5609 or mark.jameson@propelledbrands.com.

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

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

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

Issuance date: ~~May 1, 2024~~
May 1, 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 J.
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 describe the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit K 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 NerdsToGo 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 has been involved in material litigation or bankruptcy proceedings.
What’s it like to be a NerdsToGo franchisee?	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

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

Your state also may have laws that require special disclosures or amendments to 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 arbitration or litigation only in Texas. Out-of-state 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 Texas than in your own state.
2. **Sales Performance Required**. You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Mandatory Minimum Payments**. You must make minimum royalty payments or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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.

TABLE OF CONTENTS

<u>Item</u>	<u>Page</u>
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ...	1
Item 2 BUSINESS EXPERIENCE.....	5
Item 3 LITIGATION.....	9
Item 4 BANKRUPTCY	10
Item 5 INITIAL FEES.....	11
Item 6 OTHER FEES	13
Item 7 ESTIMATED INITIAL INVESTMENT	21
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	37
Item 9 FRANCHISEE’S OBLIGATIONS.....	41
Item 10 FINANCING.....	43
Item 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	45
Item 12 TERRITORY	55
Item 13 TRADEMARKS	58
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	61
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE LOCATION	64
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	66
Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP	67
Item 18 PUBLIC FIGURES.....	79
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS	80
Item 20 OUTLETS AND FRANCHISEE INFORMATION.....	85
Item 21 FINANCIAL STATEMENTS	91
Item 22 CONTRACTS.....	92
Item 23 RECEIPTS	93

Exhibits

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Conversion Franchise Addendum
- D. Co-Brand Franchise Agreement
- E. Information about Area Representatives
- F. Franchise Fee Acknowledgement
- G. Conversion and Co-Brand Promissory Note (Direct Financing)
- H. Operating Manual Table of Contents
- I. State Addenda to Disclosure Document
- J. Current and Former Franchisees as of ~~12/31/2023~~12/31/2024
- K. Financial Statements
- K-1. Guarantee of Performance
- L. Form of General Release
- M. State Addenda to Franchise Agreement and Co-Brand Franchise
- N. State Effective Dates
- O. Receipt

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

In this disclosure document, “we,” “us,” or “our” refers to GTN Capital Group LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each franchise entity owner must sign our Guaranty and Non-Compete Agreement, which means that all the franchise agreement’s provisions also will apply to your owners. Our agents for service of process are listed in **Exhibit A** attached to this Disclosure Document.

Us and our Parents.

Our name is GTN Capital Group LLC. We are a Connecticut limited liability company formed on November 4, 2015. Our principal business address is 2542 Highlander Way, Carrollton, Texas 75006. We use the names “GTN Capital Group LLC” and “NerdsToGo,” and we do not intend to use any other names to conduct business.

We have offered franchises for sale for this business since 2017, and we have never offered franchises in any other line of business. We do not operate businesses of the type being franchised and do not have any other business activities. ~~Our affiliate, Nerds To Go, Inc., a Connecticut corporation (“NTG”), has operated a NerdsToGo Office in Guilford, Connecticut, since 2003 (“Company Owned NerdsToGo Office”).~~

Under the terms of an Agreement and Plan of Merger dated September 9, 2020, More Than It, LLC, a Delaware limited liability company and an affiliate of Fastsigns Holdings, Inc. located at 2542 Highlander Way, Carrollton, TX 75006 merged with NTG. Simultaneously, Fastsigns Holdings, Inc. acquired all the issued and outstanding capital stock of NTG and outstanding membership interest in us. As a result of the merger and the sale of GTN Equity, we and More Than It, LLC are wholly-owned, indirect subsidiaries of Fastsigns Holdings, Inc. On December 28, 2021, Fastsigns Holdings, Inc. was renamed Propelled Brands Holdings, Inc. (“PBHI”) to reflect the multi-brand nature of the company. PBHI, a Delaware corporation with a principal place of business at 2542 Highlander Way, Carrollton, Texas 75006-2333, is our ultimate corporate parent. PBHI is an affiliate of LightBay Capital, a private equity firm located at 11601 Wilshire Boulevard, Suite 2150, Los Angeles, CA 90025, and Freeman Spogli & Co., a private equity firm located at 11100 Santa Monica Boulevard, Suite 1900, Los Angeles, CA 90025.

Our Affiliated Franchise Programs

Through common control with either Propelled Brands Franchising, LLC (“Propelled Brands”), LightBay Capital or Freeman Spogli & Co., we are affiliated with the franchise programs listed below. None of these affiliates have offered franchises in any line of business other than as listed below, and none of them have conducted a business similar to the NerdsToGo Office that you will operate:

Propelled Brands owns FASTSIGNS International, Inc. (“FII”), the franchisor of FASTSIGNS-branded businesses that specialize in selling, marketing, producing, installing, and repairing visual communications, including signs. FII is a Texas corporation located at c/o Propelled Brands, 2542 Highlander Way, Carrollton, TX 75006. FASTSIGNS International, Inc., has been the franchisor of FASTSIGNS centers since April 1986, and as of December 31, ~~2024~~~~2023~~, there were ~~689~~~~705~~ franchised FASTSIGNS centers operating in the United States and ~~868~~~~4~~ franchised centers operating internationally.

Propelled Brands also owns Suite Management Franchising, LLC (“SMF”) and its affiliates. SMF is a Florida limited liability company located at 2542 Highlander Way, Carrollton, TX 75006 and is the franchisor for ~~MY~~~~My~~ ~~SALON~~~~Salon~~ SUITE franchises, which offers turnkey salon suite studios and related services in a luxury environment to salon professionals where such salon professionals can provide health and beauty services to their respective clients (“My Salon Suite”). As of December 31, ~~2023~~~~2024~~, there were ~~273~~~~304~~ franchised and ~~445~~~~1~~ company-owned ~~MY~~~~y~~ ~~SALON~~~~Salon~~ Suite businesses in operation in the United States and one ~~MY~~~~My~~ ~~SALON~~~~Salon~~ Suite ~~franchised~~ business in Canada.

Since August 2018, LightBay Capital, through its affiliate, has owned The Boardroom Salon Company, LLC and KLPS, LLC, both of which are Texas limited liability companies located at 2271 E. Continental Blvd., Suite 100, Southlake, Texas 76092. KLPS is the franchisor for Boardroom Salon franchises. As of December 31, ~~2023~~~~2024~~, there were 6 franchised Boardroom Salons in operation in the United States.

Since July 2016, Freeman Spogli & Co., through its affiliate, has owned a majority interest in Batteries Plus, LLC, the franchisor for Batteries Plus Bulbs stores. On December 31, ~~2024~~~~3~~, there were ~~606~~~~604~~ franchised Batteries Plus Bulbs stores, ~~599~~~~597~~ of which were in the United States and 7 in Puerto Rico. Batteries Plus Bulbs had ~~722~~~~737~~ total stores as of December 31, ~~2023~~~~2024~~, including ~~116~~~~133~~ company-owned and operated stores.

Since September 2024, Freeman Spogli & Co., through its affiliate, has owned a majority interest in VIO Franchise Group, LLC, the franchisor of VIO Med Spa. As of December 31, 2024, there were 53 franchised VIO Med Spa locations, all of which were in the United States. As of December 31, 2024, VIO Med Spa had 56 total stores, including 3 company-owned and operated stores.

On December 14, 2023, our parent, Propelled Brands, entered into a Stock Purchase Agreement with Vicar Operating, Inc., a Delaware corporation, under which Propelled Brands acquired all the equity interest in Camp Bow Wow Franchising, Inc. (“CBW”), which is the franchisor for Camp Bow Wow® businesses. The transaction closed on January 31, 2024. Following the closing, through common ownership with Propelled Brands, CBW, whose principal business address is 7577 West 103rd Avenue, Westminster, Unit 209, Colorado 80021 became our affiliate. Camp Bow Wow® businesses offer specialized pet care services through fixed store locations and mobile units, the retail sale of pet food and merchandise, and related services and products. As of December 31, ~~2023~~~~2024~~, there were ~~212~~~~222~~ franchised and ~~3~~~~1~~ company-owned Camp Bow Wow® businesses in operation in the United States and 1 franchised Camp Bow Wow® business operating internationally.

Our Predecessors

Our predecessor is Nerds To Go Franchise Corporation. Its principal business address is the same as ours. Nerds To Go Franchise Corporation has the same ownership as us and was the franchisor of NerdsToGo from March 2006 until December 2007.

Except as described above, we have no other parents, predecessors of affiliates that must be included in this Item.

Information about Our Business and the Franchises Offered

If you sign a franchise agreement with us, in the form of **Exhibit B** attached to this Disclosure Document, you will be a managed service provider and operate a technology repair and service business under the trade name “NerdsToGo.” As a NerdsToGo franchisee, you will provide on-site, remote, and in-office IT support to ensure comprehensive assistance for your clients. Your range of managed IT services and solutions includes, but will not be limited to, remote monitoring and management of IT systems, security and firewall installations, virus and spyware removal, cloud services and backup, Internet connectivity, and email solutions. Additionally, you will offer network setup and maintenance, help desk support, IT consulting, troubleshooting and repair, data recovery services, VoIP solutions, staff augmentation, and co-managed IT services. You ~~will~~ primarily provide service to customers at the customer’s business ~~or home~~ via mobile technicians in late model branded vehicles (which we recommend be vans and which are referred to in the Disclosure Document as “Branded Vehicles”). You must offer NerdAssure Managed Services (“Remote Monitoring and Management” or “RMM”) to customers using our RMM product. NerdAssure will remotely monitor, manage, and support network devices, desktops, servers and mobile devices by means of locally installed agents. This allows us to be proactive in preventing problems, allows for local security protection, and remote backup. You will provide performance reports of the customer’s system. Your business will be based out of a retail, or industrial location, and your strategy will have a focus on serving as a managed service provider to business customers (B2B), ~~residential customers (B2C), and, in certain locations, walk-in customers. who could be business or residential.~~

In addition, we may offer managed service provider services and existing technology repair and service businesses the opportunity to convert to the NerdsToGo System (“Conversion Franchise”). The terms and conditions of the offer to you if you are a conversion franchisee (“Conversion Franchisee”) will differ in certain aspects from those described attached **Exhibit C** to this Disclosure Document, Conversion Franchise Addendum.

We offer a ~~“non-owner managed model”~~ “non-owner managed model” where you appoint an employee to operate the Franchised Business (the “Designated Manager”). See **Attachment C**, Key Employee Designation, to the Franchise Agreement and the Co-Brand Franchise Agreement. Designated Managers must be pre-approved by us and successfully complete our initial training program. You will not be required to operate the day-to-day operations of the Franchised Business if you appoint a Designated Manager approved by us. We refer to NerdsToGo Offices that appoint a Designated Manager as “Non-Owner Managed Offices.” All references to “New NerdsToGo Offices” in this Disclosure Document include “Non-Owner Managed Offices” unless otherwise denoted.

We may also offer an existing operating complementary business (an “Existing Business”) the opportunity to establish and operate a NerdsToGo Office within the Existing Business (the “Co-Brand Franchised Business”). The franchise agreement you sign for the Co-Brand

Franchised Business will be the current form of Co-Brand Franchise Agreement attached to this Disclosure Document as **Exhibit D**.

You must devote your full business time to your Franchised Business. In addition to your efforts, you may begin your Franchised Business with 1 full-time skilled Nerd technology expert (“Technology Expert”). We may require, at our discretion, that you hire a full-time sales representative. You will be required to begin your Franchised Business with at least one Branded Vehicle.

In this Disclosure Document, we collectively refer to all NerdsToGo Offices, Conversion Franchises, and Co-Brand Franchised Businesses as “**NerdsToGo Offices**” or “**NerdsToGo Office**” unless otherwise indicated. We also collectively refer to the franchise agreement, Conversion Franchise Addendum, and Co-Brand franchise agreement in this Disclosure Document as the “Franchise Agreement,” unless otherwise indicated. We refer to the NerdsToGo Office that you will operate as the “**Franchised Business**” or “**your Franchised Business**.”

The general market for NerdsToGo Offices is ~~residential and commercial customers~~ small-to-medium sized businesses who need managed services, technology repair, maintenance, or support service for a wide range of technological devices. Our growth is attributed to our customer loyalty, and we continue to thrive because of repeat visits by our “regulars.” This market is highly developed. Sales are not seasonal.

Although the laws and regulations applicable to businesses generally will apply to your operation of a NerdsToGo Office, we are not aware of any laws or regulations specific to our industry.

You will face competition from other computer repair businesses, and managed service providers including franchised and non-franchised national chains as well as independent computer repair and managed services businesses. The computer services market is highly developed in many states.

We have granted area representative rights to certain individuals and companies. An Area Representative acts as our representative (“Area Representative”) within a defined geographic area to solicit prospective franchisees and provide support before, during and after a franchisee begins operations. We are not currently offering new Area Representative opportunities. If we were to begin offering the Area Representative Program (“Program”), the Program would not be offered as part of this disclosure document and would be offered under a separate franchise disclosure document. See **Exhibit E** to this Disclosure Document for information regarding our Area Representatives.

Item 2
BUSINESS EXPERIENCE

Catherine Monson, CFE
Chief Executive Officer, President and Director

Ms. Monson has been affiliated with us since September 2020, and has served as our Chief Executive Officer since that date. Since January 2024, Ms. Monson also serves as the Chief Executive Officer for Camp Bow Wow [Franchising, Inc., located in Carrollton, Texas](#). Ms. Monson is currently the Chief Executive Officer, President and Director of FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since January 2009. Since June 2021, Ms. Monson has also been the Chief Executive Officer of Suite Management Franchising, LLC located in Carrollton, Texas. Since February 2008, Ms. Monson is on the Board of Directors and served as the Chair of the International Franchise Association. She is on the Board of Directors of the Big Blue Swim School, a swim school franchise, and on the Board of Directors for Brain Balance, a franchisor of a concept that has a non-drug alternative that helps children with ADHD and other behavioral disorders.

Jason White
Chief Financial Officer

Mr. White has served as our Chief Financial Officer since June 2023. Since January 2024, Mr. White also serves as the Chief Financial Officer for Camp Bow Wow [Franchising, Inc., located in Carrollton, Texas](#). Since June 2023, Mr. White also serves as the Chief Financial Officer of Propelled Brands, [FH-FASTSIGNS International, Inc.](#) and [SMF Suite Management Franchising, LLC](#). From April 2022 to June 2023, Mr. White was Chief Operating Officer with Pentax Medical located in Montvale, New Jersey. From October 2021 to March 2022, Mr. White was Financial Consultant of Pentax Medical. From April 2015 to October 2021, Mr. White was Chief Financial Officer of Hoya Vision Care located in Lewisville, Texas.

Mark Jameson, CFE
Chief Development Officer

Mr. Jameson has been affiliated with us since September 2020, and has served as our Chief Development Officer since October 2022. Since January 2024, Mr. Jameson also serves as the Chief Development Officer for Camp Bow Wow [Franchising, Inc., located in Carrollton, Texas](#). Mr. Jameson has also been the Chief Development Officer of our affiliates, Suite Management Franchising, LLC and FASTSIGNS International, Inc., each located in Carrollton, Texas, since October 2022. From September 2020 to October 2022, Mr. Jameson was our Chief Support and Development Officer. From September 2013 to August 2020, he was the Executive Vice President of Franchise Support and Development for our affiliate, FASTSIGNS International, Inc., located in Carrollton, Texas, which he has been associated with since November 2009.

Shayne Mehringer, CFE
Chief Information Officer

~~Mr. Mehringer has been affiliated with us since September 2020 and has served as our Chief Information Officer since that date. Since January 2024, Mr. Mehringer also serves as the Chief Information Officer for Camp Bow Wow. Since June 2021, Mr. Mehringer has also been the Chief Information Officer of our affiliate, Suite Management Franchising, LLC located in Carrollton, Texas. Mr. Mehringer is also the Chief Information Officer of our affiliate, FASTSIGNS International, Inc. located in Carrollton, Texas, which he has been associated with since August 2019. From November 2013 to July 2019, Mr. Mehringer was Chief Information Officer for Neighborly (formerly the Dwyer Group) located in Waco, Texas.~~

Jennifer Herskind
Chief Marketing Officer

Ms. Herskind has been affiliated with us since September 2020 and has served as our Chief Marketing Officer since that date. Since January 2024, Ms. Herskind also serves as the Chief Marketing Officer for Camp Bow Wow [Franchising, Inc., located in Carrollton, Texas](#). Since June 2021, Ms. Herskind has also been the Chief Marketing Officer of our affiliate, Suite Management Franchising, LLC located in Carrollton, Texas. Ms. Herskind is also the Chief Marketing Officer of our affiliate, FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since September 2019. From March 2019 to August 2019, Ms. Herskind was a consulting Chief Marketing Officer. From July 2017 to February 2019, Ms. Herskind was Chief Marketing Officer for Smoothie King located in Dallas, Texas. From September 2011 to June 2017, Ms. Herskind was Vice President Marketing, Acquisition, and Engagement for Gold's Gym located in Dallas, Texas.

Russell Kruse Jennifer
Rote
General Counsel-
Counsel

~~Ms. Rote has been affiliated with us since January 2025 and has served as our General Counsel since that time. Ms. Rote also serves as our General Counsel for [Propelled Brands Franchising, LLC](#), [Camp Bow Wow Franchising, Inc.](#), [FASTSIGNS International, Inc.](#), and [Suite Management Franchising, LLC](#), each located in Carrollton, Texas, since January 2025. Previously, Ms. Rote also served as Senior Vice President, General Counsel for [TGI Friday's Inc.](#) from May 2017 until September 2024 in Dallas, Texas, [which she was associated with since July 2004](#). ~~Mr. Kruse has been affiliated with us since April 2023 and has served as our General Counsel since that time. Mr. Kruse has also served as the General Counsel for our affiliates, [GTN Capital Group, LLC](#) and [Suite Management Franchising, LLC](#), each located in Carrollton, Texas, since April 2023. Prior to that, Mr. Kruse was the Chief Legal Officer of [Premium Service Brands, LLC](#) from February 2021 to April 2023, located in Charlottesville, Virginia. From January 2019 to February 2021, Mr. Kruse was a Partner at [Royer Caramanis PLC](#) in Charlottesville, Virginia.~~~~

James Howe, CFE
Brand President

~~Mr. Howe has been affiliated with us since September 2020, and has served as our Brand President since August 2021. From September 2020 to July 2021, Mr. Howe was the Vice President of Franchise Support for GTN Capital Group, LLC located in Carrollton, Texas. From September 2013 to July 2021, Mr. Howe was Vice President of Franchise Support of FASTSIGNS International, Inc. located in Carrollton, Texas.~~

Scott Krupa, CFE
Vice President of Franchise Development

Mr. Krupa has been affiliated with us since September 2020 and served as our Vice President of Franchise Development since January 2022. Since January 2024, Mr. Krupa also serves as the Vice President of Franchise Development for Camp Bow Wow [Franchising, Inc., located in Carrollton, Texas](#). Since April 2022, Mr. Krupa has also been Vice President of Franchising for our affiliate, Suite Management Franchising, LLC, [located in Carrollton, Texas](#). From February 2021 to December 2021, Mr. Krupa was the Assistant Vice President of Franchising of FASTSIGNS International, Inc. located in Carrollton Texas which he has been associated with since March 2015.

Christopher Howard, J.D.
Corporate Counsel

~~Mr. Howard has been affiliated with us since August 2024 and has served as our Corporate Counsel since that date. Since August 2024, Mr. Howard also serves as Corporate Counsel for Camp Bow Wow Franchising, Inc., Suite Management Franchising, LLC, and FASTSIGNS International, Inc., located in Carrollton, Texas. From April 2022 to July 2024, Mr. Howard served as Corporate and Franchise Counsel at L&F Brown located in Addison, Texas. From May 2019 to March 2022, Mr. Howard served as Legal Counsel for Zoe's Kitchen, Inc., located in Plano, Texas.~~

Stephanie Brooks
Senior Director of Legal

Ms. Brooks has been affiliated with us since September 2020, and has served as our Senior Director of Legal since that date. Since June 2021, Ms. Brooks has also been the Senior Director of Legal for Suite Management Franchising, LLC ~~and Camp Bow Wow Franchising, Inc.~~, located in Carrollton, Texas. Ms. Brooks is currently the Senior Director of Legal for FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with ~~since~~ August 1991. From June 1981 to August 1991, Ms. Brooks was a Sr. Paralegal for the Legal and Franchise Department of Pearle Vision, Inc. located in Dallas, Texas.

Holland Burton, CFE
Senior Director of ~~Development Services~~Real Estate

Ms. Burton has been affiliated with us since February 2021, and has served as our Senior Director of ~~Real Estate since May 2024. Ms. Burton previously served as our Senior Director of Development Services from February 2021 to May 2024. Development Services since that date.~~ Since April 2022, Ms. Burton has also been the ~~Senior Director of Development Services~~ ~~and Senior Director of Real Estate~~ for Suite Management Franchising, LLC located in Carrollton, Texas. Ms. Burton is currently the Senior Director of ~~Development Services~~Real Estate for FASTSIGNS International, Inc. located Carrollton, Texas, which she has been associated with since February

2021. Since May 2024, Ms. Burton has also served as Senior Director of Real Estate for our affiliate, Camp Bow Wow Franchising, Inc. From March 2015 to January 2021, Ms. Burton was the Vice President of Real Estate of Corner Bakery Café located in Dallas, Texas. From September 2008 to March 2015, Ms. Burton was the ~~Senior~~ Director of Real Estate of LeDuff America located in Dallas, Texas.

Lisa Becraft, CFE
Director of Franchise Development and Sales Administration

Ms. Becraft has been affiliated with us since September 2020, and has served as our Director of Franchise Development and Sales Administration since that date. Since April 2022, Ms. Becraft has also been the Director of Franchise Development and Sales Administration. Ms. Becraft is currently the Director of Franchise Development and Sales Administration of FASTSIGNS International, Inc. located in Carrollton, Texas, which she has been associated with since July 2014. From July 2012 to June 2014, Ms. Becraft was Director of Business Development for Insight Merchandising, Inc. located in Grapevine, Texas. From January 2010 to June 2012, Ms. Becraft was a National Account Executive for The Nu-Era Group located in St. Louis, Missouri.

Gina Santiago Director of
Operations Vice President of
Operations

Ms. Santiago has been affiliated with us since January 2023, and has served as our Vice President of Operations since March 2025. She previously served as our Director of Operations ~~since April 2024~~from April 2024 to March 2025. From January 2023 to March 2024, Ms. Santiago served as our Learning and Development Manager since that time. From March 2023 to March 2024, Ms. Santiago served as our Director of Technology and Training. From January 2020 to February 2023, Ms. Santiago managed and co-owned a franchised NerdsToGo location in Bellevue, Washington. From July 2018 to December 2019, Ms. Santiago owned a consulting business, Summit Connections, LLC located in Issaquah, Washington.

John Butler
Director of Information of Technology Operations

Mr. Butler has been affiliated with us since September 2020, and has served as our Director of Information of Technology Operations since that time. Since June 2020, Mr. Butler has also served as our Director of Information of Technology Operations for our affiliate, FASTSIGNS International Inc.'s, ~~Director of Information Technology Operations~~located in Carrollton, Texas. From December 2017 to May 2020, Mr. Butler was FASTSIGNS International Inc.'s Director of Information Technology Support and Governance.

Tracy Lake
Director of Events

Ms. Lake has been affiliated with us since September 2020, and has served as our Director of Events since that time. Since January 2024, Ms. Lake also serves as the Director of Events for Camp Bow Wow Franchising, Inc., located in Carrollton, Texas. She has also served as the Director of Events for our affiliate, FASTSIGNS International, Inc. since February 2017.

Lana Daley
Director of Resales and Transfers

Ms. Daley has been our Director of Resales and Transfers since September 2021. Since January 2024, Ms. Daley also serves as the Director of Resales and Transfers for [Camp Bow Wow Franchising, Inc., located in Carrollton, Texas](#). She has also served in the same role for our affiliate, FASTSIGNS International, Inc. since September 2021, and our affiliate, Suite Management Franchising, [LLC](#) since April 2022, [both located in Carrollton, Texas](#). From March 2020 to August 2021, Ms. Daley served as FASTSIGNS International's Resales and Transfers Manager. Ms. Daley previously worked with FASTSIGNS from 2002 to 2013 in various roles on the Operations and Sales Development teams.

Jacob Krzeminski
Solution Architect

Mr. Krzeminski has been our Solutions Architect since March 2024. From April 2023 to February 2024, Mr. Krzeminski was our IT Manager. From May 2022 to March 2023, Mr. Krzeminski was our Service Desk Technician. From July 2017 to February 2023, Mr. Krzeminski was a Technician at the Company-Owned NerdsToGo office located in Guilford, Connecticut.

[Remainder of page left intentionally blank]

Item 3 LITIGATION

In June 2020, a shareholders' derivative suit (Lincolnshire Police Pension Fund, et al. v. Taylor, et al., No. 2020-0487) was filed in the Delaware Court of Chancery against nominal defendant Floor & Decor, and certain Floor & Decor officers and directors, including John Roth and Brad Brutocao, and certain former shareholders, alleging breach of fiduciary duty and unjust enrichment. A motion to dismiss the litigation was denied in December 2023. John Roth and Brad Brutocao denied any violations of law, breaches of duty, or other wrongdoing throughout the course of this dispute and maintained D&O insurance to cover their defense costs in their capacity as former directors of Floor & Décor. The parties settled this dispute amicably via a Stipulation of Compromise and Settlement order—entered September 19, 2024—whereby all combined codefendants agreed to pay the plaintiffs a settlement payment totaling \$8,000,000.—and the case has since proceeded to the discovery phase. Roth and Brutocao continue to believe the claims against them are entirely without merit and have D&O insurance to cover their defense costs in their capacity as former directors of Floor & Decor. This matter is scheduled for mediation in May 2024.

Other than the disclosure above, no other litigation is required to be disclosed in this Item.

[Remainder of page left intentionally blank]

Item 4
BANKRUPTCY

On November 2, 2024, TGI Friday's Inc., with its principal place of business at 19111 N. Dallas Pkwy Suite 200, Dallas, Texas 75287, filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in the Northern District of Texas, Case No. 24-80069. Jennifer Rote served as TGI Friday's Inc.'s Senior Vice President and General Counsel and left the company in September 2024, prior to the filing of this petition. The case is currently pending.

Other than the disclosure above, there are no other disclosures required for this Item.

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

[Remainder of page left intentionally blank]

Item 5 INITIAL FEES

Initial Franchise Fee

When you sign your franchise agreement, you must pay us \$49,750 as the initial franchise fee for your Franchised Business (including if you purchase a Conversion Franchise or a Co-Brand Franchised Business). The initial franchise fee is the same for all franchisees under this offering, except as described below. The initial franchise fee is non-refundable. The initial franchise fee if you establish an additional NerdsToGo Office after your first Franchised Business is \$24,875.

We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program. We offer a reduced initial franchise fee of \$24,875 to veterans of the U.S. Armed Forces who meet the requirements of the VetFran Program, a 50% discount.

We offer a reduced initial franchise fee of \$24,875 to first responders, a 50% discount. A first responder is a person with specialized training who is among the first to arrive and provide assistance at the scene of an emergency, such as an accident, natural disaster, or other catastrophic events. First responders include paramedics, emergency medical technicians, police officers, sheriffs, and firefighters (“First Responder”).

In the event you are using funds from your 401(k), IRA, or other qualified retirement accounts to purchase your Franchised Business, we may allow you to pay a deposit of \$20,000 toward your franchise fee when you sign the Franchise Agreement and pay the balance when you receive your rollover money, which payment will be due no later than 30 days from the effective date of the Franchise Agreement. See **Exhibit F** to this Disclosure Document, Franchise Fee Acknowledgement. This does not apply if you are establishing an additional NerdsToGo Office, Conversion Franchise or Co-Brand Franchised Business.

Marketing Introduction Plan

You must pay us a marketing introduction plan fee of \$11,000 if your Franchised Business is a New Franchised Business or \$9,000 if your Franchised Business is a Conversion Franchise or Co-Brand Franchised Business, prior to registering for the initial training program, which we will use to conduct local marketing before you open and over the course of the first 4-to-6 months of operation.

Opening Package of Supplies and Equipment

Before you open your Franchised Business, if you purchase certain items from us, you will be required to pay us between ~~\$2,109 and \$19,555~~ \$1,700 and \$5,500 if your Franchised Business is a New NerdsToGo Office, between \$1,700 and \$5,500 ~~\$2,294 and \$11,104~~ if your NerdsToGo Office is a Conversion Franchise, or between \$1,700 and \$5,500 ~~\$2,294 and \$11,192~~ if your NerdsToGo Office is a Co-Brand Franchised Business, for vehicle graphics, furniture, fixtures, cabinetry, displays, and signage.

Design Fee

Before you open your Franchised Business, you must pay us a non-refundable fee of ~~\$1,000~~500 for a preliminary space plan drawing for the Franchised Business. This fee covers the initial space plan for one (1) location and up to two (2) revisions, for any reason. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24, or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting. If more than one space plan is requested for additional sites, you may be charged an additional non-refundable fee of \$500.

Site Evaluation ~~Fee~~

We may select a local broker to assist you in locating a suitable site for your Franchised Business. If you would prefer to select your own broker, we reserve the right to approve or reject your selected broker at our discretion. At our discretion, we will select a local broker to assist you in locating a suitable site for your Franchised Business. The support we provide includes identifying local real estate brokers, conducting a market-wide survey, and providing guidance in negotiating the terms for your lease (“Lease”). We recommend that you consult with an attorney for advice regarding your Lease. We will review the proposed sites with you to ensure they meet our criteria for visibility, accessibility, and suitability of the premises and other relevant factors. If a representative makes a trip to the proposed site, we will pay all costs our representative incurs for one on-site evaluation; you may pay all costs (including costs of travel, lodging, meals, and wages) incurred for any additional on-site evaluations we determine necessary, or you request. Site visits will be as needed and determined by us. If a site visit is determined as necessary by us, we will notify you. If you relocate the Franchised Business for any reason, you may pay all costs we incur in site selection activities because of the relocation. Any proposed relocation site (“Relocation Site”) must be approved in writing by us before you sign a non-binding letter of intent (“Letter of Intent”). Any proposed lease for a Relocation Site must be approved by us before you sign a binding lease agreement (“Lease Agreement”). Any proposed Lease Agreement for a Relocation Site must include our Required Lease Terms attached to the Franchise Agreement as **Attachment**

I. Site selection costs are non-refundable, uniformly imposed on all franchisees requiring such assistance (however, the costs may vary from franchisee to franchisee based on the travel involved).

All fees listed above are payable in a lump sum when specified.

**Item 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee ⁽²⁾	You will pay 3.5% of your Gross Sales to us for your first 12 months of operation. Beginning your 13th month of operation through the end of the term of the Franchise Agreement you will pay us the greater of \$1,000 or 7% of Gross Sales.	You will report monthly Gross Sales of the Franchised Business to us by the 5th day of the following month. The royalty fee is immediately due thereafter.	See notes 1 and 2.
Marketing Fund Contribution ⁽⁵⁾	You will pay 1% of your Gross Sales to us for your first 12 months of operation. Beginning your 13th month of operation, through the end of the term of the Franchise Agreement you will pay 2% of your Gross Sales.	You will report monthly Gross Sales of the Franchised Business to us by the 5th day of the following month. The marketing fund contribution is immediately due	We administer the Marketing Fund. We will reduce the amount of your local advertising requirement by the amount of your Marketing Fund Contribution. See note 5.
Technology Fee ⁽³⁾	Currently, \$ 125 (per license) 250 per month	Monthly, on the 5th of each month	The technology fee is for use of our “NerdNet” proprietary operations portal, including 4 email addresses and 1 professional services automation software site license (up to 4 users per site). You may purchase licenses for additional users for a <u>monthly</u> fee of \$35 - <u>125</u> per license. We may modify NerdNet and its functionality in the future. We can increase the technology fee in our reasonable discretion. We will provide you with 180 days’ prior written notice before we increase the technology fee. See note 3.
Website Services	At least \$250 per month	Monthly	See note 3.

Nerd Assure Managed Services Fees for RMM ⁽⁴⁾	RMM fee is \$6 per device per month.	Monthly	You must maintain the managed services, specifically, a minimum of 5 RMM device licenses to have available for internal use and testing. We can increase the RMM fee and/or the minimum number of licenses with 3 months prior written notice to you. See note 4.
Marketing Introduction Plan and Promotional Materials	\$11,000 for a new Franchised Business and \$9,000 for a Conversion Franchise or Co-Brand Franchised Business	Prior to training.	These monies fund the marketing introduction plan that may include local web search marketing, direct marketing (mailings to your Territory), digital advertising, virtual sales assistant customer prospecting email campaigns, and other programs during the first 6 months your new Franchised Business is open and 3 to 4 months your Conversion Franchise or Co-Brand Franchised Business is open. See note 5.
Marketing Introduction Plan and Promotional Materials for a sale of an existing business to a third-party buyer	\$9,000	Upon signing of the Franchise Agreement	These monies fund the marketing introduction plan including web marketing direct marketing, telemarketing campaigns, and virtual sales assistant customer prospecting email campaigns, local digital advertising including Pay-Per-Click advertising, and other programs a minimum of 4 months upon your taking possession of the Franchised Business. See note 5.
Replacement or additional training fee	Currently, \$600 per day	Prior to attending training	The franchise fee covers our training programs for you and 1 Nerd Technology Expert. We may charge a reasonable fee for the training of additional and/or subsequent employees. If in our judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at your expense, including the payment to us of \$600 per day for such additional training. You are responsible for arranging and paying the expenses for transportation, meals and lodging for you and the others while attending the training program.

Convention Fee	Then current fee (currently \$399 per person)	As invoiced	Payable to us to help defray the cost of your attendance at the annual convention of all franchises.
Convention Non-Attendance Fee	Convention Non-Attendance Fee (currently \$1,000 per person)	Upon demand	We may charge a \$1,000 fee for your non-attendance of the annual convention
Design Fee	Currently, \$1,000	Within 15 days of invoice	If you relocate your Franchised Business, you will be required to pay us a Design Fee for the cost of completing a preliminary space plan drawing for the relocated Franchised Business.
Non-Compliance Fee	2.5% of Gross Sales	On demand, following your failure to cure a default.	If you are in default of the Franchise Agreement and you fail to timely cure the default, we may, at our option, charge a non-compliance fee in the amount of 2% of Gross Sales payable to us in the same manner as the Royalty Fee and a non-compliance fee payable to us in the amount of .5% of Gross Sales in the same manner as the Marketing Fund Contribution.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.

Late fee	\$250 plus interest on the unpaid amount at a rate equal to 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less	On demand	We may charge a late fee if you fail to make a required payment when due.
Failure to report sales	\$250 per week	On demand	We may charge this fee if you fail to report monthly Gross Sales.
Insufficient funds fee	\$100 (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	On demand	We may charge an insufficient funds fee if a payment made by you is returned because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee, plus our expenses (currently, \$600 per day).	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing on-site support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported Gross Sales by more than 3% for any 4-week period.
Inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
Non-compliance cure costs and fee	Our out-of-pocket costs and internal cost allocation, plus 10%	When billed	We may cure your non-compliance on your behalf (for example, if you do not have required insurance, we may purchase insurance for you), and you will owe our costs plus a 10% administrative fee.

Renewal Fee	15% of the then-current initial franchise fee.	On signing the renewal Franchise Agreement.	You must give us no more than 365 days and no less than 240 days' notice; sign the then-current Franchise Agreement and comply with other conditions we require (see Item 17).
Transfer fee ⁽⁶⁾	\$17,500 plus any broker fees and other out-of-pocket costs incurred by us	When transfer occurs	Payable if you sell your Franchised Business "resale" (" Resale Franchised Business ") (other than for estate planning purposes or to a spouse, sibling, or child). See note 6.
Resale Consulting Fee ⁽³⁾	\$5,000	50% on signing Resale Services Consulting Agreement and 50% paid at closing.	You may request that we assist you in selling your Franchised Business. The Resale Consulting Fee is due only if you use our services to assist in selling your Franchised Business. See note 6.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your Franchised Business (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.
Early Termination Damages ⁽⁷⁾	Amount varies.	30 days after early termination of Franchise Agreement.	See note 7.

All fees are payable only to us (except the Website Services). All fees are imposed by us and collected by us (except the Website Services). All fees are non-refundable. All fees are uniform for all franchisees, although we may change, waive, or eliminate fees for any one or more franchisees as we deem appropriate.

There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in the Franchise Agreement as the total dollar amount of all sales generated through your Franchised Business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash, credit, check and debit card, barter exchange, trade credit, items of financial or non-financial benefit to you, or other credit [transactions](#).

~~transactions.~~ Gross Sales does not include:

(i) bona fide refunds to customers, (ii) sales taxes collected, or (iii) sale of used equipment not in the ordinary course of business. If you sign a Co-Brand Franchise Agreement and have an Existing Business, Gross Sales excludes the core business from your Existing Business.

Under the Franchise Agreement, you will pay us a reduced royalty fee of 3.5% of your Gross Sales (“Reduced Royalty Fee”) for the first 12 months your Franchised Business is open. The Reduced Royalty Fee is in place so you can invest additional money in the marketing introduction plan during the first 12 months your Franchised Business is open.

The Reduced Royalty Fee described in the preceding paragraph only applies to new Locations, Conversion Franchises, and Co-Brand Franchised Businesses and is not available to a franchisee that purchases a Resale Franchised Business.

Beginning your ~~13th~~ 13th month of operation of your Franchised Business through the expiration date of the Franchise Agreement, you will pay us the greater of \$1,000 or 7% of your Gross Sales (“Royalty Fee”).

The minimum Royalty Fee is not a representation that you will achieve any level of Gross Sales.

If you are a Conversion Franchisee or a Co-Brand Franchised Business and you have not commenced operation of your Conversion Franchise or Co-Brand Franchised Business within 90 days of the Effective Date of the Franchise Agreement, beginning on the first of the month following the 90 days, you will pay a minimum Royalty Fee of \$1,000. You will continue to pay this monthly minimum Royalty Fee until you commence operation of your Conversion Franchise or Co-Brand Franchised Business.

2. The Royalty Fee is due and payable to us immediately thereafter through electronic funds transfer for the month to which the Royalty Fee applies (unless the day is a holiday, in which case payment (electronic funds transfer) will be done the next succeeding business day). You must provide us with the authorization for electronic funds transfer of the royalty fee before you open and commence operation of your Franchised Business. We may change the method of payment of the Royalty Fee from electronic funds transfer to such other manner of payment as we deem appropriate at any time. A business day means any day other than Saturday, Sunday, or the national holidays.

3. To remain competitive with the market and continually offer our services as an innovative industry leader we charge a “**technology fee**”. This technology fee is used to cover the increasing cost of supplying technology solutions to the network and/or to fund the continued development of new and innovative features for the franchise microsite.

4. Fees for the NerdAssure Managed Services Remote Monitoring Software agents (RMM agents) are purchased and payable to us. You are required to install and maintain internal and testing licenses for a minimum of 5 RMM agents in your Franchised Business, Conversion Franchise or Co-Brand Franchised Business and pay the associated fees. We collect the NerdAssure

fees electronically monthly (on 5th day of the month) for all NerdAssure Managed Services' RMM agents in place at the end of each prior month, without deduction for failure to collect from your customer. We may increase the RMM fee and/or the required minimum RMM agents with 3 months prior written notice to you before any increase.

5. Under the Franchise Agreement, the Marketing Fund Contribution percentage is 1% of Gross Sales ("Reduced Marketing Fund Contributions") for the first 12 months your Franchised Business, Conversion Franchise or Co-Brand Franchised Business is open. Beginning the 13th month of operation of your Franchised Business through the end of the term of the Franchise Agreement, the Marketing Fund Contribution is 2% of Gross Sales. You must spend 5% of Gross Sales (2% paid to the Marketing Fund, and 3% local marketing) each month on local marketing and promotion of your Franchised Business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money you spend on marketing. Additional digital advertising (search engine optimization (SEO), search engine marketing (SEM), local digital advertising, social media, and other digital approved services) can be purchased from our approved vendor.

Your obligation to pay the Marketing Fund Contribution begins immediately when your Franchised Business opens. The Marketing Fund Contribution is due and payable through electronic funds transfer in the same manner as the royalty fee described above. You must provide us with the authorization for electronic funds transfer of the Marketing Fund Contribution before you open and commence the operation of your Franchised Business. We may change the method of payment of the Marketing Fund Contribution from electronic funds transfer to such other manner of payment as we deem appropriate at any time by notice to you.

If you are purchasing a new NerdsToGo Office, you will pay us a \$11,000 prepaid fee or if you are a Conversion Franchise or Co-Brand Franchised Business, you will pay us a \$9,000 prepaid fee for your marketing introduction plan before you register for training. If you are purchasing a Resale Franchised Business, you will pay us a \$9,000 prepaid fee for your marketing introductions plan when you sign the Franchise Agreement.

6. We charge a transfer fee of \$17,500 for transfers such as transfer of the Franchise Agreement or transfer of a controlling ownership interest of you or one of your owners. If you request and we assist you in selling your Franchised Business, you must also pay us a Resale Consulting Fee of \$5,000. The Resale Consulting Fee is only due to us if we assist you with selling your Franchised Business.

7. If we terminate the Franchise Agreement because of your breach, then within 30 days following such termination, you must pay us an amount equal to the greater of (i) the average monthly royalty fees and Marketing Fund Contribution (if applicable) that you owed to us for the past 24 months multiplied by the lesser of 48 or the number of months remaining in the Term, or(ii) the average monthly royalty fees and Marketing Fund Contributions (if payable by you) paid by all franchised NerdsToGo Offices who have operated for the past 24 months multiplied by the lesser of 48 or the months remaining in the Term (“Early Termination Damages”). If you have not operated the business for 24 months prior to the termination of the Franchise Agreement, the Early Termination Damages will be calculated by using the average monthly royalties and Marketing Fund Contributions (if payable by you) from all franchised NerdsToGo locations who have operated for the past 24 months multiplied by 48.

[Remainder of page left intentionally blank]

Item 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – NEW LOCATION

Type of expenditure	Estimated Low	Estimated High	Method of payment	When due	To whom payment is to be made
Initial franchise fee (see Note 1)	\$49,750	\$49,750	Lump sum	Upon signing the Franchise Agreement	Us
Vehicle Lease (see Note 2)	\$0	0\$2,400	As-arranged	Upon-purchase	Vendor
Vehicle Graphics for one Branded Vehicle (see Note 23)	\$200	<u>\$3,400</u>	As invoiced	As incurred	Us or local graphic installer
Equipment, Tools & Systems (see Note 34)	\$2,480 <u>1,180</u>	\$2,535 <u>2,735</u>	As invoice	As incurred	Vendors and suppliers
Deposits (See Note 45)	\$700	<u>\$5,457</u> <u>3,111</u>	Per lease or as arranged	Upon ordering service and signing lease	Utility providers and Landlord
Leasehold Improvements (see Note 56)	\$700 <u>0</u>	\$4,400 <u>7,427</u>	As arranged	As incurred or when billed	Contractors and Landlord
Furniture, Fixtures, Cabinetry, and Displays (Note 67)	\$90 <u>1,500</u>	\$3,000 <u>8,739</u>	As invoiced	As incurred	Us, Vendors and suppliers

Type of expenditure	Estimated Low	Estimated High	Method of payment	When due	To whom payment is to be made
Administrative Supplies (See Note 78)	\$250,200	\$750	As invoiced	As incurred	Vendors and suppliers
Insurance (see Note 89)	\$1,125	\$3,500 , 1,593	As invoiced	Upon ordering	Insurance company
Signage –and Graphics (see Note 910)	\$1,819,200	\$2,500 , 7,416	As invoiced	Upon ordering	Us, Vendors and suppliers
Professional Fees (lawyer, accountant, etc.) (see Note 101)	\$2,500 , 1,755	\$6,726 , 5,995	As invoiced	As incurred or when billed	Professional service firms and Us
Marketing Introduction Plan (see Note 112)	\$11,000	\$11,000	Lump Sum	Before registering for initial training	Us
Marketing Materials and Uniforms (see Note 123)	\$1,105	\$2,036 , 1,650	As invoiced	Upon ordering	Vendors and suppliers
Lead Generation (for the first 3 months) (see Note 134)	\$7,950 , 8,997	\$7,950 , 8,997	As invoiced	Thirty days after initial training	Vendor
Travel, Lodging and Meals for Initial Training (see Note 145)	\$500	\$1,550	As incurred	As incurred	Airlines, hotels, and restaurants

Additional Funds (for first 4 months) (see Note 156)	\$35,000 <u>15,000</u>	\$55,000 <u>30,000</u>	As incurred	Varies	Us, Employees, suppliers, landlord, utilities
<u>Design Fee</u> (see Note 16)	<u>Currently, \$500</u>	<u>Currently, \$500</u>	<u>As invoiced</u>	<u>Within fifteen days after receiving invoice</u>	<u>Us</u>
<u>Opening Package of Supplies and Equipment</u> (see Note 17)	<u>\$2,109</u>	<u>\$19,555</u>	<u>As invoiced</u>	<u>Before you open your NerdsToGo Office</u>	<u>Us</u>
Total (See Note 187)	<u>\$95,871</u> <u>93,762</u>	<u>\$155,659</u> <u>130,358</u>			

Notes

1. Initial Franchise Fee. The amount of the initial franchise fee is \$49,750. The initial franchise fee for additional NerdsToGo Offices is \$24,875. You will pay an initial franchise fee of \$24,875, a discount of 50%, if you are a veteran of the U.S. Armed Forces that meets the requirements of the VetFran Program, or you are a First Responder as described in Item 5 of this Disclosure Document. The initial franchise fee is non-refundable under the terms of the Franchise Agreement. None of the other expenditures in this table will be refundable.

~~2. Vehicle Finance. You will begin your NerdsToGo Office with one Branded Vehicle. The Branded Vehicle does not need to be a dedicated vehicle. You may add additional Branded Vehicles as your business grows. The figures above assume you will lease your Branded Vehicle and incur monthly lease payments. You may purchase the Branded Vehicle, but your costs will vary.~~

~~3.2. Vehicle Graphics. Your Branded Vehicle must have our required vehicle graphics. You will purchase the vehicle graphics either through us or directly from our approved vendor. If you do not have a dedicated vehicle, you can brand the vehicle with a magnetic logo which may be removed when the vehicle is not in service.~~

~~4.3. Equipment, Tools, and Systems. This reflects the amount you pay for the diagnostic and repair equipment, tools, and systems; this amount is allocated towards your Franchised Business, but some tools may be allocated to be carried within the Branded Vehicle. This inventory will include computer and electronic devices, computer accessories and computer, electronic parts laptops, routers, switches, hubs, cables, tablets, parts, computer accessories, and additional technology related products and parts as technology changes. This amount also reflects the equipment needed to operate the Franchised Business.~~

~~5.4. Deposits for Site Lease and Utilities. The figure includes miscellaneous utility deposits such as telephone, electric, gas, and water. These amounts will vary based on the Franchised Business's geographic area, your credit rating, and other factors. We have specific criteria for the Franchised Business to enable us to approve a particular site. We use a variety of reports, information, and sources. We are not obligated to visit a proposed site for approval. Site visits will be as needed and determined by us. If a site visit is determined as necessary by us, we will notify you. You will lease the site, typically located in either a retail, office or industrial~~

location. The sites are typically 500 to 1,000 square feet at approximately ~~\$12.50 to \$35.00~~~~\$10 to \$38~~ per square foot in annual rent. Rental rates and payment terms vary significantly based on existing conditions of the Leased Space, concessions made by the Landlord, geographic area and market conditions. The lease deposit varies based on market area standards and credit rating, and typically includes the first and last month's rent. The actual deposit and rent you pay will vary depending on the size of the site, the geographic area, your ability to negotiate with landlord, prevailing rental rates, and other factors.

6.5. Leasehold Improvements. The space you lease for your Franchised Business must meet NerdsToGo criteria without major renovations. The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the Franchised Business; (ii) pre- construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor which may vary based on geography and location; (iv) landlord contribution toward tenant improvements; and (v) existing landlord fixtures which may be leased with Franchised Business (such fixtures must be approved by us during the site selection process). Leasehold improvements are net any free rent from the landlord and net any tenant improvement dollars from the landlord. These amounts are based on the cost of adapting our prototypical design plans to remodel and finish-out of the Franchised Business. The amounts shown are based on actual costs for new NerdsToGo Offices opened over the past 12 months that were built out with the recommended new NerdsToGo Office footprint of 500 - 1,000 square feet, plus or minus 15%. Labor and material costs may vary in accordance with local variations in wage rates, labor efficiency, union restrictions and availability and price of materials. Finish-out costs are based on leasing unfinished space that consists of walls, plumbing, concrete slab, lighting, HVAC and electric. Please note that the low range of costs are based upon NerdsToGo Offices where only paint was required. If you lease an office building space, you may be restricted in the amount of leasehold improvements that you are allowed to make. Your costs may vary substantially based on local conditions and site specific conditions. These costs may vary depending on whether certain costs are incurred by the landlord and are allocated over the term of the lease.

7.6. Furniture, Fixtures, Cabinetry, and Displays. The figures shown include an estimate for office furniture, Nerd Lab furniture, counters, file cabinets, and other fixtures included in our fixture package. The low range is for NerdToGo Offices where fixtures were included as part of the lease by the landlord and were approved by us as acceptable. Your Franchised Business may or may not have these conditions.

8.7. Administrative Supplies. We require you to purchase the following from a designated provider 1) credit card processing system (initial and ongoing processing fees); and 2) 3-month supply of office supplies (business cards, forms, and administrative sundries).

9.8. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10.9. Signage. You will purchase signage for the interior and exterior of your Franchised Business that meets our specifications. Exterior signage is coordinated by us and is purchased from us or our preferred vendor. In Office Building locations, signage may be restricted; we will need to approve your specific signage options depending on your location.

11.10. Professional Fees. We strongly recommend that you hire a lawyer and an

accountant to help you evaluate this opportunity, the lease for the Franchised Business, and to advise you on establishing your Franchised Business generally. The Design Fee is also included in Professional Fees. The Design Fee is described in further detail in Item 5.

12.11. Marketing Introduction Plan. We require you to spend not less than \$11,000 (\$9,000 for a Resale Franchised Business to a third party²) on the marketing introduction plan for the Franchised Business in your local market before opening and over the first 6 months of operation and a minimum of 4 months for a Resale Franchised Business. (See Item 11). The programs in the marketing introduction plan may include direct mail marketing programs (including mailings in your Territory), local digital advertising including local Pay-Per-Click advertising, search engine optimization, display or social media advertising, initial marketing materials/sales promotion items, and virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a new location and 6 months are included for a Resale Franchised Business in your marketing introduction plan. The \$11,000 for the marketing introduction plan for a new NerdsToGo Office is paid to us before registering for the initial training program. The \$9,000 for the marketing introduction plan for a Resale Franchised Business is paid to us upon signing the Franchise Agreement. If additional funds remain after we outline the spending on these programs and materials on the elements above, we may approve other programs such as local media or association marketing opportunities for inclusion in the pre-paid portion of the marketing introduction plan. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics to optimize the initial marketing and advertising plan. The marketing plan will also include recommended programs and spending that you can choose to implement or modify as desired beyond the marketing introduction plan fund amount. These programs and their associated costs are not included in the initial advertising costs payable to the Marketing Fund.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. You will be billed directly by our designated vendor.

After the marketing introduction plan as described in this Note 12 for the Franchised Business or Resale Franchised Business is completed, you are required to continue local digital advertising using and paying our designated vendor. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing introduction plan dollars referenced above, you must use and pay our designated vendor.

13.12. Marketing Materials. This is an estimate for marketing related expenses for giveaways, promotional material (3-to-4 month supply) and uniforms for your staff members including shirts, jackets, T-shirts and wearable items to promote the Franchised Business.

14.13. Lead Generation Program. The initial cost of the 6-month lead generation program (“Lead Generation Program”) is designed to identify, engage, and qualify potential leads for your Franchised Business. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program’s focus is on nurturing relationships and setting appointments with clients who have been qualified to need the services of your Franchised Business. The Lead Generation Program allows your Franchised Business to drive early growth through proactive lead generation strategies. The cost of the Lead Generation Program is based on 3 months of cost (not for the required six months of service).

15.14. Travel, Lodging, and Meals for Initial Training. We provide instruction and training materials for you, a Technology Expert and a Technology Specialist. You and the

individual designated as your Technology Expert must attend and satisfactorily complete our requirements before opening your Franchised Business. Initial training consists of 2 weeks for you and one week for your employee(s). The amounts shown are estimated costs for your training. We incorporated the basic expenses for you or your Managing Principal to spend 3 days in a NerdsToGo Office before attending initial training. We may convert the traditional classroom training of the initial training program entirely or partially to live instructor-led virtual training. All costs vary based on the mode of transportation, lodging, meals, employee recruitment, and wages.

16.15. Additional Funds. These amounts are estimates of initial working capital costs such as rent, telephone, utilities, employee wages, benefits, workers' compensation, advertising, and promotional activities, inventory costs, Royalty Fee, Marketing Fund Contribution, website management and technology fee payments, operational supplies, and professional fees. There are occasions when these funds might be used to finance receivables incurred in the Franchised Business. These figures are estimates and we cannot assure you that you will not have additional expenses operating the Franchised Location. The amount of additional funds you may need depends on how much you follow our methods and procedures, your management skills, experience, and business acumen; local economic conditions; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These amounts include \$27,864 in debt service (principal & interest) for the first 12 months based on financing \$150,000 over 10 years at a variable interest rate. The interest rate is subject to change based on prevailing market conditions and your credit score. These amounts do not include salaries, benefits or personal living expenses for you, your Executive Principal or Designated Manager. These amounts are in addition to all other expenses in this chart. These costs are based on 4 months of our franchisees' additional funds costs, ~~and our affiliate, Nerds To Go, Inc.'s operation of a Company Owned NerdsToGo Office in Guilford, Connecticut since 2003.~~

16. Design Fee. Before you open your Franchised Business, you must pay us a non-refundable fee of \$1,000/500 for a preliminary space plan drawing for the Franchised Business. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24, or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.

~~Opening Package of Supplies and Equipment. Before you open your Franchised Business, at your option, you may pay us between \$2,109 and \$19,555 if your Franchised Business is a New NerdsToGo Office, for vehicle graphics, furniture, fixtures, cabinetry, displays, and signage.~~

17. Except as specifically stated above, the amount provided in Item 7 may be subject to increases based on changes in market conditions, our cost to provide services and future policy changes. At present, we have no plans to increase payments over which we have control. We may request that you pay a supply deposit of \$15,500 before opening your Franchised Business to purchase the following items:

- 1) Equipment, Tools, and System;
- 2) Vehicle Graphics for 1 Branded Vehicle;
- 3) Furniture, Fixtures, Cabinetry, and Displays; and
- 4) Signage – Inside and Outside.

Except as indicated in Item 10, we do not offer direct or indirect financing to franchisees for any items.

**YOUR ESTIMATED INITIAL INVESTMENT –
CONVERSION FRANCHISE MODEL**

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Initial franchise fee (see Notes 1, 14 and 16 <u>7</u>)	\$49,750	\$49,750	Lump sum	Upon signing the Franchise Agreement	Us
Vehicle Finance for one Branded Vehicle (see Note 2)	\$0	\$1,302	As arranged	Upon purchase	Vendor
Vehicle Graphics for one Branded Vehicle (see Note <u>23</u>)	<u>\$2,000</u>	<u>\$1,4120</u>	As invoiced	As incurred	Us or local graphic installer
Equipment, Tools & Systems for one Branded Vehicle (see Note <u>34</u>)	\$0 <u>1,180</u>	\$6,280 <u>2,535</u>	As invoice	As incurred	Vendors and suppliers
Deposits (See Note <u>45</u>)	\$0 <u>700</u>	\$3,000 <u>3,111</u>	Per lease or as arranged	Upon ordering service and signing lease	Utility providers and Landlord
Leasehold Improvements (see Note <u>56</u>)	\$1,0000	\$6,0653 <u>897</u>	As arranged	As incurred or when billed	Contractors and Landlord
Furniture, Fixtures, Cabinetry, and Displays (see Note <u>67</u>)	\$275 <u>1,500</u>	\$6,3463 <u>000</u>	As invoiced	As incurred	Us, Vendors and suppliers
Administrative Supplies (see Note <u>78</u>)	\$0 <u>250</u>	\$894 <u>750</u>	As invoiced	As incurred	Vendors and suppliers
Insurance (see Note <u>89</u>)	\$5821 <u>1,125</u>	\$1,5931 <u>250</u>	As invoiced	Upon ordering	Insurance company

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Signage and Graphics (see Note <u>910</u>)	\$1,819,200	\$3,346,500	As invoiced	Upon ordering	Us, Vendors and suppliers
Professional Fees (lawyer, accountant, etc.) (See Note <u>104</u>)	\$1,850,175 <u>0</u>	\$3,892,897 <u>2</u>	As invoiced	As incurred or when billed	Professional service firms and Us
Marketing Introduction Plan (see Note <u>112</u>)	\$9,000	\$9,000	Lump Sum	Before registering for new owner	Us
Marketing Materials and Uniforms (see Note <u>123</u>)	\$1,105	\$1,541,605	As invoiced	Upon ordering	Vendors and suppliers
Lead Generation (for the first 3 months) (see Note <u>134</u>)	\$7,950,997	\$8,997,950	As invoiced	Thirty days after initial training	Vendor
Travel, Lodging and Meals for Initial Training (see Note <u>145</u>)	\$500,250	\$1,550,1,550	As incurred	As incurred	Airlines, hotels, and restaurants
Additional Funds (for first 4 months) (see Note <u>156</u>)	\$10,000	\$25,000	As incurred	Varies	Employees, suppliers, landlord, utilities
<u>Design Fee (see Note 16)</u>	<u>Currently,-</u> <u>\$1,000</u>	<u>Currently,-</u> <u>\$1,000</u>	<u>As invoiced</u>	<u>Within</u> <u>fifteen days</u> <u>after</u> <u>receiving</u> <u>invoice</u>	<u>Us</u>
<u>Opening Package of Supplies and Equipment (see Note 17)</u>	<u>\$2,294</u>	<u>\$11,104</u>	<u>As invoiced</u>	<u>Before you</u> <u>open your</u> <u>NerdsToGo</u> <u>Office</u>	<u>Us</u>
Total	\$84,031,893 <u>0684,057</u>	\$128,578,130 <u>701117,225</u>			

Notes

1. Initial Franchise Fee. The amount of the initial franchise fee for a Conversion Franchise is

\$49,750. The initial franchise fee for additional NerdsToGo Offices is \$24,875. You will pay an initial franchise fee of \$24,875, a discount of 50%, if you are a veteran of the U.S. Armed Forces that meet the requirements of the VetFran Program, or you are a First Responder as described in Item 5 of this Disclosure Document. The initial franchise fee is non-refundable under the terms of the Franchise Agreement. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

~~2. Vehicle Finance. You will begin your Conversion Franchise with one Branded Vehicle. This vehicle does not need to be a dedicated vehicle. You may add additional Branded Vehicles or approved branded vehicles as your business grows.~~

~~3.2. Vehicle Graphics. Your Branded Vehicle must have our required vehicle graphics. If you do not have a dedicated vehicle, you may brand the designated vehicle with a magnetic logo which may be removed when the vehicle is not in service.~~

~~4.3. Equipment, Tools, and Systems. Depending upon your existing equipment, tools, and systems, you may need to purchase or modify items. This reflects the amount you pay for the diagnostic and repair equipment, tools, and systems if needed. It also includes inventory items which may be carried at times in your Branded Vehicle. This inventory will include computer and electronic devices, computer accessories and computer, electronic parts laptops, routers, switches, hubs, cables, tablets, parts, computer accessories, and additional technology related products and parts as technology changes. This amount also reflects the equipment needed to operate the Conversion Franchise.~~

~~5.4. Deposits. Deposits may not be necessary since this is a Conversion Franchise and represents an ongoing business. The figure includes miscellaneous utility deposits such as telephone, electric, gas, and water. These amounts will vary based on the Conversion Franchise's geographic area, your credit rating, and other factors. The sites are typically ~~500-581~~ to 1,000 square feet at approximately ~~\$10 to \$38~~ \$12.50 to \$40.10 per square foot in annual rent. Rental rates and payment terms vary significantly based on existing conditions, concessions made by the Landlord, geographic area and market conditions. The lease deposit varies based on market area standards and credit rating, and typically includes the first and last month's rent. The actual deposit and rent you pay will vary depending on the size of the site, the geographic area, your ability to negotiate with landlord, prevailing rental rates, and other factors.~~

~~6.5. Leasehold Improvements. The cost of leasehold improvements and build-out modifications varies based on the amount of conversion necessary to meet our standards and specifications. The cost also depends on: (i) the size and configuration of the Conversion Franchise; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor which may vary based on geography and location; and (iv) landlord contribution toward tenant improvements. Leasehold improvements are net any free rent from the landlord and net any tenant improvement dollars from the landlord; and (v) existing landlord fixtures which may be leased with your Conversion Franchise (such fixtures must be approved by us during the site selection process). These amounts are based on the cost of adapting our prototypical conversion design plans to remodel and finish-out of the Conversion Franchise. If you lease an office building space, you may be restricted in the amount of leasehold improvements you are allowed to make.~~

~~7.6. Furniture, Fixtures, Cabinetry, and Displays. The cost of furniture, fixtures, cabinetry, and displays varies based on the amount of conversion necessary to meet our standards~~

and specifications. The figures shown include an estimate for office furniture, Nerd Lab furniture, counters, file cabinets, and other fixtures included in our fixture package. Your Landlord may include some fixtures and furniture with your leased space.

8.7. Administrative Supplies. The cost of administrative supplies varies based on the amount of conversion necessary to meet our standards and specifications. We require you to purchase the following from a designated provider 1) credit card processing system (initial and ongoing processing fees); and 2) 3-month supply of office supplies (stationery, business cards, forms, and administrative sundries).

9.8. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10.9. Signage. You will purchase signage for the interior and exterior of your Conversion Franchise that meets our specifications. Exterior signage is coordinated by us and is purchased from our preferred vendor. You may work with a local installer to install the sign, and you may work with a local signage company, provided all our sign specifications are met. You may be restricted in signage in Office Building locations.

11.10. Professional Fees. We strongly recommend that you hire a lawyer and an accountant to help you evaluate this opportunity and to advise you in establishing your Conversion Franchise generally. The Design Fee is also included in Professional Fees. This Design fee is described in further detail in Item 5.

12.11. Marketing Introduction Plan. We require you to spend not less than \$9,000 on the marketing introduction plan for the Conversion Franchise in your local market before opening and over the course of the first 6 months of operation. (See Item 11). The programs in the marketing introduction plan may include direct mail marketing programs, local digital advertising including Pay-Per-Click advertising, search engine optimization, display or social media initial advertising materials/sales promotion items and virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a Conversion Franchise in your marketing introduction plan. The \$9,000 for the marketing introduction plan for a Conversion Franchise is paid to us before registering for the initial training program. If additional funds remain after we outline the spending on these programs and materials on the elements above, we may approve other programs such as local media or association marketing opportunities for inclusion in the pre-paid portion of the marketing introduction plan. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics to optimize the initial marketing and advertising plan. The marketing plan will also include recommended programs and spending that you can choose to implement or modify as desired beyond the marketing introduction plan fund amount. These programs and their associated costs are not included in the initial advertising costs payable to the Marketing Fund.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

After the marketing introduction plan as described in this Note 12 for the Conversion Franchise is completed, you are required to continue digital advertising using and paying our designated agency. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing introduction plan dollars referenced above, you must use and pay our designated vendor.

~~13.12. Marketing Materials.~~ This is an estimate for marketing related expenses for giveaways, promotional material (3-to-4-month supply) and uniforms for Conversion Franchise.

~~14.13. Lead Generation Program.~~ The initial cost of the 6-month lead generation program (“Lead Generation Program”) is designed to identify, engage, and qualify potential leads for your Conversion Franchise. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program’s focus is on nurturing relationships and setting appointments with clients who have been qualified to need the services of your Conversion Franchise. The Lead Generation Program allows your Conversion Franchise to drive early growth through proactive lead generation strategies. The cost of the Lead Generation Program is based on 3 months of cost (not for the required six months of service).

~~15.14. Travel, Lodging, and Meals for Initial Training.~~ We provide instruction and training materials for you, a Technology Expert and a Technology Specialist. You and the individual designated as your Technology Expert must attend and satisfactorily complete our requirements before opening your Franchised Business. Initial training consists of 2 weeks for you and one week for your employee(s). The amounts shown are estimated costs for your training. We incorporated the basic expenses for you or your Managing Principal to spend 3 days in a NerdsToGo Office before attending initial training. We may convert the traditional classroom training of the initial training program entirely or partially to live instructor-led virtual training. All costs vary based on the mode of transportation, lodging, meals, employee recruitment, and wages.

~~15. Additional Funds.~~ Additional Funds may not be necessary since this is a Conversion Franchise and represents an on-going computer business. There is no consideration for debt service (interest and principal) allocated in the Additional Funds. All other ongoing costs will be comparable to your costs before conversion. All other items necessary for operation are covered in the list above.

~~Design Fee. Before you open your Franchised Business, you must pay us a non-refundable fee of \$1,000 for a preliminary space plan drawing for the Franchised Business. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24, or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.~~

~~16. Opening Package of Supplies and Equipment. Before you open your Franchised Business, at your option, you may pay us between \$2,109 and \$19,555 if your Franchised Business is a New NerdsToGo Office, for vehicle graphics, furniture, fixtures, cabinetry, displays, and signage.~~

~~17.16. Financing.~~ We offer direct financing of the initial franchise fee for a Conversion Franchise. (See Item 10).

**YOUR ESTIMATED INITIAL INVESTMENT –
CO-BRAND FRANCHISE MODEL**

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Initial franchise fee (see Notes 1 and 17)	\$49,750	\$49,750	Lump sum	Upon signing the Franchise Agreement	Us
Vehicle Finance for one Branded Vehicle (see Note 2)	\$0	\$1,302	As arranged	Upon purchase	Vendor
Vehicle Graphics for one Branded Vehicle (see Note 23)	<u>\$2,000</u>	<u>\$1,500</u>	As invoiced	As incurred	Us or local graphic installer
Equipment, Tools & Systems for one Branded Vehicle (see Note 34)	\$0 <u>1,180</u>	\$2,735 <u>2,535</u>	As invoice	As incurred	Vendors and suppliers
Deposits (See Note 45)	\$7,000	\$3,000 <u>3,111</u>	Per lease or as arranged	Upon ordering service and signing lease	Utility providers and Landlord
Leasehold Improvements (see Note 56)	\$0 <u>1,000</u>	\$6,065 <u>3,897</u>	As arranged	As incurred or when billed	Contractors and Landlord
Furniture, Fixtures, Cabinetry, and Displays (see Note 67)	\$1,500 <u>275</u>	\$6,346 <u>3,000</u>	As invoiced	As incurred	Us, Vendors and suppliers
Administrative Supplies (see Note 78)	\$0 <u>250</u>	\$750	As invoiced	As incurred	Vendors and suppliers
Insurance (see Note 89)	\$1,125 <u>582</u>	\$1,250 <u>1,593</u>	As invoiced	Upon ordering	Insurance company

Type of expenditure	Estimated Low	Estimated High	Method of Payment	When due	To whom payment is to be made
Signage and Graphics (see Note <u>910</u>)	\$1,819,200	\$3,346,500	As invoiced	Upon ordering	Us, Vendors and suppliers
Professional Fees (lawyer, accountant, etc.) (See Note <u>104</u>)	\$1,8500	\$3,892	As invoiced	As incurred or when billed	Professional service firms and Us
Marketing Introduction Plan (see Note <u>112</u>)	\$9,000	\$9,000	Lump Sum	Before registering for new owner	Us
Marketing Materials and Uniforms (see Note <u>123</u>)	\$1,105	\$1,541,650	As invoiced	Upon ordering	Vendors and suppliers
Lead Generation (for the first 3 months) (see Note <u>134</u>)	\$7,9508,997	\$7,9508,997	As invoiced	Thirty days after initial training	Vendor
Travel, Lodging and Meals for Initial Training (see Note <u>145</u>)	\$500250	\$1,550	As incurred	As incurred	Airlines, hotels, and restaurants
Additional Funds (for first 4 months) (see Note <u>156</u>)	10,000	\$25,000	As incurred	Varies	Employees, suppliers, landlord, utilities
Design Fee (see Note 16)	Currently, \$1,000	Currently, \$1,000	As invoiced	Within fifteen days after receiving invoice	Us
Opening Package of Supplies and Equipment (see Note 17)	\$2,294	\$11,192	As invoiced	Before you open your NerdsToGo Office	Us
Total	\$84,03187,5 5184,057	\$124,977130, 917117,225			

Notes

1. Initial Franchise Fee. The amount of the initial franchise fee for a Co-Brand Franchised Business is \$49,750. The initial franchise fee for additional NerdsToGo Offices is \$24,875. You will pay an initial franchise fee of \$24,875, a discount of 50%, if you are a veteran of the U.S. Armed Forces who meets the requirements of the VetFran Program, or you are a First Responder as described in Item 5 of this Disclosure Document. The initial franchise fee is non-refundable under the terms of the Franchise Agreement. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

~~2. Vehicle Finance. You will begin your Co-Brand Franchised Business with one Branded Vehicle. This vehicle does not have to be a dedicated vehicle. You may add additional Branded Vehicles or approved branded vehicles as your business grows.~~

~~3.2. Vehicle Graphics. Your Branded Vehicle must have our required vehicle graphics. If you do not have a dedicated vehicle, you may brand the designated vehicle with a magnetic logo which may be removed when the vehicle is not in service.~~

~~4.3. Equipment, Tools, and Systems. Depending upon your existing equipment, tools and systems, you may need to purchase or modify items. This reflects the amount you pay for the diagnostic and repair equipment, tools, and systems if needed. Some tools may be allocated and carried within the Branded Vehicle. This inventory will include computer and electronic devices, computer accessories and computer, electronic parts laptops, routers, switches, hubs, cables, tablets, parts, computer accessories, and additional technology related products and parts as technology changes. This amount also reflects the equipment needed to operate the Co-Brand Franchised Business.~~

~~5.4. Deposits. Deposits may not be necessary since this is a Co-Brand Franchised Business and represents an ongoing business. The figure includes miscellaneous utility deposits such as telephone, electric, gas, and water. These amounts will vary based on the Co-Brand Franchised Business's geographic area, your credit rating, and other factors. The sites are typically ~~500-581~~ to 1,000 square feet at approximately ~~\$10 to \$38~~ \$12.50 to \$40.10 per square foot in annual rent. Rental rates and payment terms vary significantly based on geographic area and market conditions. The lease deposit varies based on market area standards and credit rating, and typically includes the first and last month's rent. The actual deposit and rent you pay will vary depending on the size of the site, the geographic area, your ability to negotiate with landlord, prevailing rental rates, and other factors.~~

~~6.5. Leasehold Improvements. The cost of leasehold improvements and build-out modifications varies based on the amount of conversion necessary to meet our standards and specifications. The cost also depends on (i) the size and configuration of the Co-Brand Franchised Business; (ii) pre-construction costs (e.g., demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor which may vary based on geography and location; and (iv) landlord contribution toward tenant improvements. Leasehold improvements are net any free rent from the landlord and net any tenant improvement dollars from the landlord. These amounts are based on the cost of adapting our prototypical conversion design plans to remodel and finish out of the Co-Brand Franchised Business. If your site is in an Office Building, the amount of leasehold improvements may be restricted. Such restrictions must be approved by~~

us in advance of your execution of any binding lease document.

7.6. Furniture, Fixtures, Cabinetry, and Displays. The cost of furniture, fixtures, cabinetry, and displays varies based on the amount of conversion necessary to meet our standards and specifications. The figures shown include an estimate for office furniture, Nerd Lab furniture, counters, file cabinets, and other fixtures included in our fixture package. If there are existing Landlord provided fixtures within your space, such fixtures must be approved by us in advance.

8.7. Administrative Supplies. The cost of administrative supplies varies based on the amount of conversion necessary to meet our standards and specifications. We require you to purchase the following from a designated provider 1) credit card processing system (initial and ongoing processing fees); and 2) a 3-month supply of office supplies (stationery, business cards, forms, and administrative sundries).

9.8. Insurance. Our estimate for the initial cost of insurance is based on payment of premium for one quarter (and not for the entire year).

10.9. Signage. You will purchase signage for the interior and exterior of your Co-Brand Franchised Business that meets our specifications. Exterior signage is coordinated by us and is purchased from our preferred vendor. You may work with a local installer to install the sign, and you may work with a local signage company, provided all the specifications of our signs are met.

11.10. Professional Fees. We strongly recommend that you hire a lawyer and an accountant to help you evaluate this opportunity and to advise you in establishing your Co-Brand Franchised Business generally. The Design Fee is also included in Professional Fees. The Design Fee is described in further detail in Item 5.

12.11. Marketing Introduction Plan. We require you to spend not less than \$9,000 on the marketing introduction plan for the Co-Brand Franchised Business in your local market before opening and over the course of the first 3 to 4 months of operation. (See Item 11). The programs in the marketing introduction plan may include direct mail marketing programs, local digital advertising, including Pay-Per-Click advertising, search engine optimization, display or social media initial advertising materials/sales promotion items, and virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a Co-Brand Franchised Business in your marketing introduction plan. The \$9,000 for the marketing introduction plan for a Co-Brand Franchised Business is paid to us before registering for the initial training program. If additional funds remain after we outline the spending on these programs and materials on the elements above, we may approve other programs such as local media or association marketing opportunities for inclusion in the pre-paid portion of the marketing introduction plan. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics to optimize the initial marketing and advertising plan. The marketing plan will also include recommended programs and spending that you can choose to implement or modify as desired beyond the marketing introduction plan fund amount. These programs and their associated costs are not included in the initial advertising costs payable to the Marketing Fund.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

After the marketing introduction plan as described in this Note 12 for the Co-Brand

Franchised Business is completed, you are required to continue digital advertising using and paying our designated agency. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing introduction plan dollars referenced above, you must use and pay our designated vendor.

13.12. Marketing Materials. This is an estimate for marketing-related expenses for giveaways, promotional material (3-to-4-month supply), and uniforms for Co-Brand Franchised Businesses.

14.13. Lead Generation Program. The initial cost of the 6-month lead generation program (“Lead Generation Program”) is designed to identify, engage, and qualify potential leads for your Co-Brand Franchised Business. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program’s focus is on nurturing relationships and setting appointments with clients who have been qualified to need the services of your Co-Brand Franchised Business. The Lead Generation Program allows your Co-Brand Franchised Business to drive early growth through proactive lead generation strategies. The cost of the Lead Generation Program is based on 3 months of cost (not for the required six months of service).

15.14. Travel, Lodging, and Meals for Initial Training. We provide instruction and training materials for you, a Technology Expert and a Technology Specialist. You and the individual designated as your Technology Expert must attend and satisfactorily complete our requirements before opening your Franchised Business. Initial training consists of 2 weeks for you and one week for your employee(s). The amounts shown are estimated costs for your training. We incorporated the basic expenses for you or your Managing Principal to spend 3 days in a NerdsToGo Office before attending initial training. We may convert the traditional classroom training of the initial training program entirely or partially to live instructor-led virtual training. All costs vary based on the mode of transportation, lodging, meals, employee recruitment, and wages.

15. Additional Funds. Additional Funds may not be necessary since this is a Co-Brand Franchised Business and represents an existing operating business. There is no consideration for debt service (interest and principal) allocated in the Additional Funds. All other ongoing costs will be comparable to your costs before opening. All other items necessary for operation are covered in the list above.

~~Design Fee. Before you open your Franchised Business, you must pay us a non-refundable fee of \$1,000 for a preliminary space plan drawing for the Franchised Business. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24, or other requirements of the applicable state or municipality, and the plans are not sealed by an architect. These plans are for informational purposes only, and not for permitting.~~

~~16. Opening Package of Supplies and Equipment. Before you open your Franchised Business, you will be required to pay us between \$2,294 and \$11,192 if your NerdsToGo Office is a Co-Brand Franchised Business for vehicle graphics, furniture, fixtures, cabinetry, displays, and signage.~~

17.16. Financing. We offer direct financing of the initial franchise fee for a Co-Brand Franchised Business. (See Item 10).

[Remainder of page left intentionally blank]

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Generally

To ensure that the highest degree of quality and service is maintained in the NerdsToGo System, we require you to operate the Franchised Business in strict conformity with the methods, standards and specifications that we describe in the Operating Manual or otherwise in writing. We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your Franchised Business, (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

Specific Obligations

The following are our current specific obligations for purchases and leases:

A. Real Estate. Your Franchised Business is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign our form of Franchisor Required Lease Terms attached to the Franchise Agreement as **Attachment C**.

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Operating Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Franchised Business, for full repair and replacement value (subject to a reasonable deductible); (ii) business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit; (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; (v) Professional Liability Insurance of not less than \$500,000 which covers the costs associated with claims of professional mistakes, including legal fees, court judgments and settlements; (vi) Employment Practices Insurance that provides protection against employee lawsuits of not less than \$250,000. The policy will reimburse against the costs of defending a lawsuit in court and for judgments and settlements; (vi) Cyber Liability Insurance with limits of \$1,000,000 per occurrence and \$1,000,000 in the aggregate with a \$1,000 deductible to cover your liability for data breaches involving sensitive customer information, such as credit card numbers, account numbers and driver’s license numbers. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

We may change the coverage requirements and the amounts at our discretion and will advise you of the changes in the Operating Manual or in writing. You may, after obtaining our written consent, elect to have reasonable deductibles under the coverage required under paragraphs (i) through (vi)

above.

C. Computer Systems. You must purchase the software and computers systems that we specify. See Item 11 for more details.

D. Vehicles. You will open your Franchised Business with one late model Branded Vehicle. Your Branded Vehicle does not need to be a dedicated vehicle. Your vehicle that you use for your Franchised Business must include our required vehicle graphics. If you do not have a dedicated vehicle, you can brand the vehicle with a magnetic logo which may be removed when the vehicle is not in service. You can add additional branded vehicles to your fleet as your Franchised Business grows.

E. Website Management. You must use our preferred vendor for website management, search engine optimization, and search engine marketing. Currently, the provider offers the following services for \$250 per month (“Marketing Web Fee”), which is billed directly to the you by the vendor:

- Dashboard reporting software 24/7 that gives you the ability to see all your digital marketing data;
- Hosting of website including the following features: blog, articles/information center, testimonials, coupons, franchise team member/staff bios, contact form, photo gallery, reputation monitoring and review request;
- Required call tracking phone numbers and web lead forms to capture and track lead activity;
- Call recording for inbound phone calls on tracking phone line(s);
- Local business listings management including Google Business Profile, Facebook, Yelp profiles, internet media platforms and data aggregators;
- Social media and content marketing tool; and
- Marketing team support.

F. Signs. You must use our preferred vendor for exterior signage.

G. Advertising. All promotional, sales, marketing and advertising materials (including print, digital, and media advertising, vehicle graphics, business stationery, cards, forms, envelopes, novelty items, and materials used to market the business), public relations, and social media activities, sales collateral materials and other items we specify must bear the Marks in the form, color, location and manner we require. In addition, all your advertising, marketing, sales, and promotional plans in any medium will be conducted in a dignified manner and will conform to the standards and requirements in the Operating Manual or as we otherwise specify in writing. You are required to participate in local digital advertising using and paying our designated agency to direct web traffic to your Franchised Business during business hours. You may speak on behalf of your Franchised Business to the media, but you need pre-approval from us to speak to the media on our behalf. You may maintain a virtual sales assistant customer prospecting email campaign program paying and using our vendor. You may purchase advertising materials and enroll in marketing programs from designated suppliers if the programs meet our requirements. See Item

11 for more details.

H. Managed Services Solution. The NerdsToGo Managed Services solution consists of a variety of integrated services including technology that will proactively monitor the customers' IT infrastructure, help detect problems, and provide remote control access. Our Managed Services solution provides reports on performance optimization of the clients' systems regardless of whether the clients' technology is premised-based, in the cloud, or a combination (hybrid).

I. NerdAssure. NerdAssure is our branded managed services offering. To maintain the consistency and integrity of our managed services solution, all core remote monitoring and management software agents (RMM agents), within the NerdAssure bundle, must be purchased from and are payable to us. You are also required to utilize a multi-factor authentication tool.

Us or our Affiliates as Supplier

Neither we nor any affiliate is currently a supplier of any goods or services that you must purchase, although we may be a supplier (or the sole supplier) of goods or services in the future.

Ownership of Suppliers

None of our officers have an interest in any supplier to our franchisees.

Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 90 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Operating Manual.

Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the Franchised Business in our Operating Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Operating Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after testing in our headquarters, in the company-owned outlet, and/or a limited market test in multiple units.

Revenue to Us and Our Affiliates

We have negotiated discounts with suppliers and manufacturers for the benefit of the NerdsToGo System. To the extent possible, discounts are passed directly on to you. Our total revenue in the ~~2023-2024~~ fiscal year was ~~\$932,965~~~~1,284,197~~. Our revenue from all purchases and leases of products and services by franchisees in the ~~2024~~~~2023~~ fiscal year was ~~\$14,429~~~~122,660~~ or ~~1.59~~~~.5~~% of our overall revenue in the ~~2024~~~~2023~~ fiscal year.

Our affiliates do not derive any revenue for required purchases or leases from franchisees.

Proportion of Required Purchases and Leases

We estimate that the required purchases and leases are ~~24.66~~~~15.45~~% to ~~27.32~~~~23.39~~% of your total purchases and leases to establish your Franchised Business.

We estimate that the required purchases and leases of goods and services are ~~43.5% to 47.7%~~~~72.7~~% of your total purchases and leases of goods and services to operate your Franchised Business.

Payments by Designated Suppliers to Us

We do not currently receive payments from any designated suppliers based on purchases by you or other franchisees. However, the Franchise Agreement does not prohibit us from doing so.

Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

Negotiated Arrangements

We have negotiated purchase arrangements with various suppliers (including price terms) for the benefit of franchisees, such as our website management/SEO/SEM provider.

Benefits Provided to You for Purchases

We do not provide any material benefit to you (such as renewal or granting additional franchises) based on your purchase of goods or services, or your 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 agreement	Disclosure document item
a. Site selection and acquisition/lease	§§ 6.1, 6.2	Item 11
b. Pre-opening purchase/leases	§§ 6.2, 6.3	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	Section 6	Items 5, 7, 8 and 11
d. Initial and ongoing training	§§ 5.4, 6.4, 7.6	Items 5, 6, 8 and 11
e. Opening	§§ 6.5, 6.6	Items 7, 8 and 11
f. Fees	Sections 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	§§ 6.3, 7.1, 7.3, 7.5, 7.7, 7.9 – 7.13, 7.15, 9.1, 10.1, 10.4, 11.1	Items 8, 11 and 14
h. Trademarks and proprietary information	Sections 12, § 13.1	Items 13 and 14
i. Restrictions on products/services offered	§ 7.3	Items 8, 11 and 16
j. Warranty and customer service requirements	§§ 7.3, 7.8, 7.9	Item 8
k. Territorial development and sales quotas	§ 2.2	Item 12
l. Ongoing product/service purchases	Section 8	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	§§ 3.2, 7.12, 7.13, 15.2	Items 6, 7 and 8
n. Insurance	§ 7.15	Items 6, 7 and 8
o. Advertising	Section 9	Items 6, 7, 8 and 11

p. Indemnification	Section 16	Items 6 and 8
q. Owner's participation/management/staffing	§ 2.4	Items 15
r. Records and reports	Section 10	Item 11
s. Inspections and audits	§§ 10.5, 11.2	Items 6 and 11
t. Transfer	Section 15	Items 6 and 17
u. Renewal	§ 3.2	Item 17
v. Post-termination obligations	Sections 13, § 14.3	Item 17
w. Non-competition covenants	§ 13.2	Item 17
x. Dispute resolution	Section 17	Items 6 and 17
y. Personal Guaranty	Franchise Agreement (Attachment 3)	Item 15

[Remainder of page left intentionally blank]

**Item 10
FINANCING**

We do not offer direct (except as described below) or indirect financing for New NerdsToGo Offices. We do not guarantee your note, lease, or obligations, except for financing the \$49,750 franchise fee for the Conversion Franchise and Co-Brand Franchised Business as outlined below.

SUMMARY OF FINANCING OFFERED FOR CONVERSION FRANCHISEE OR CO-BRAND FRANCHISED BUSINESS										
Item Financed	Source of Financing	Down Payment	Amount Financed	Term (Yrs.)	Interest Rate	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss of Legal Right on Default
Initial Fee	Us (note 1)	\$15,000 (Note 1)	\$34,750 (Note 1)	3 (Note 1)	0% (Note 1)	\$965.28 (Note 1)	None (Note 1)	Personal Guarantee (Note 1)	Loss of franchise- unpaid loan (Note 2)	Waive notice. Confess judgment (Note 3)

Notes:

- (1) If you are a Conversion Franchisee or Co-Brand Franchisee and you meet our credit standards and qualify for financing, we may offer you financing for a portion of the initial franchise fee necessary to establish a NerdsToGo Office. If you pay us \$15,000 of the initial franchise fee, we will finance \$34,750 of the initial franchise fee (See Item 5). If you obtain financing from us, you will be required to sign a promissory note in the form attached as Exhibit G to this Disclosure Document (the “Note”). The Note provides for payment to us over a 36-month period at 0% interest per annum paid in monthly installments. There are no additional finance charges. The first payment on the Note is due 30 days after you commence operating your Conversion Franchise or Co-Brand Franchised Business. If you finance the full amount, your monthly installment payment will be \$965.28. We will debit your business checking account automatically for the monthly installment payment on the 25th day of each month. We also require that the Note be guaranteed by your principals if you are a corporation or other business entity. We require no other security interest in the Note. You may prepay the Note in whole or in part without penalty.

You may be required to pay a higher down payment than the \$15,000 referenced above or the full initial franchise fee if you do not meet our minimum credit standards.

- (2) The following are events of default under the Note: (1) your failure to pay any principal, or any other charge or expense payable under the Note, (2) any breach or default by you of any warranty, representation, covenant, term or condition stated in the Note, in the Franchise Agreement or the Co-Branded Franchise Agreement, or in any other security instrument, affidavit or other agreement or instrument between us, (3) if the Franchise Agreement or Co-Brand Franchise Agreement is terminated for any reason by us, (4) if you are not paying your debts as such debts become due, (5) the commencement of any proceedings under any bankruptcy or insolvency laws by or against you or (6) the sale, assignment, transfer or conveyance of all or substantially all of your assets. If you default, we may terminate the Franchise Agreement or Co-Brand Franchise Agreement and all outstanding principal under the Note will be immediately due and payable. Also, you must pay the costs, fees, and expenses we incur in enforcing the Note. Under the Note you waive presentment, demand for payment, protest and notice of non-payment by the makers, endorsers and guarantors of the Note. We receive no consideration for offering you financing.

We do not have any past or present practice, nor do we have any intention to sell, assign or discount to a third party, in whole or in part, any note, contract or other instrument you execute.

[Remainder of page left intentionally blank]

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 open your Franchised Business, we provide you the following assistance and services:

A. *Your site.* Site selection assistance as described under “Site Selection” below. (Franchise Agreement, Subsection 5.4.). If you are unable to obtain a site for the Franchised Business that we approve within 12 weeks after you sign the Franchise Agreement or if you are unable to obtain the permits, licenses, and certifications you need to begin construction within 16 weeks after we approve the site for the Franchised Business, or if you are unable to acquire sufficient financing to complete construction of the Franchised Business and to open the Franchised Business for business within one year after the effective date of the Franchise Agreement, we may terminate the Franchise Agreement.

B. *Site Selection.* Once you have an executed letter of intent for the contract of sale or lease, you must obtain a site survey at your expense for accurate dimensions and conditions of the Franchised Business premises to provide to us for approval. The site survey can be provided to us by you, a third-party site survey company, or the landlord. The landlord site survey must be provided in a CAD file that is field verified to confirm “as built” conditions. Any lease for the premises must include the “**Franchisor Required Lease Terms**” containing substantially the terms and provisions listed in **Attachment I** to the Franchise Agreement (unless we agree otherwise in writing).

C. *Constructing, remodeling, or decorating the premises.* We will provide you with design plans for the space of your Franchised Business or with a test fit design plan if we do not receive a site survey as described in 11. B above. (Section 5.4)

D. *Hiring and training employees.* We will provide you with our recommended minimum staffing levels (Subsection 5.2), suggested guidelines for hiring best practices (Subsection 5.2), operational instructions in the Operating Manual which you can use as part of training new employees (Subsection 5.3), and our initial training program described below. Our opening support (as described below) includes supporting you in training employees. All hiring decisions and conditions of employment are your sole responsibility.

E. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you with a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your Franchised Business. (Subsection 5.4)

F. *Operating Manual.* We will give you access to our Operating Manual in electronic format. (Subsection 5.1).

G. *Initial training program.* We will conduct our initial training program. (Subsection 5.4). The current initial training program is described below.

H. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Subsection 5.4).

I. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Subsection 5.4).

Our Post-Opening Obligations

After you open your Franchised Business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the Franchise Agreement does not obligate us to do so.

B. *Hiring and training employees.* We will provide you with our recommended minimum staffing levels (Subsection 5.2), suggested best practices for hiring employees (Subsection 5.2), and operational instructions in the Operating Manual which you can use information for training the new employees (Subsection 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your Franchised Business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your Franchised Business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing on-site support). (Subsection 5.5).

D. *Establishing prices.* Upon your request, we will provide assistance in establishing prices for products and services. (Subsection 5.5).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you with our recommended procedures for administration, bookkeeping, accounting, and inventory control. (Subsection 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We administer the Marketing Fund. (Subsection 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund and we will provide the statement upon request. (Subsection 9.5)

G. *Website.* We will maintain a website for the NerdsToGo brand, which will include your business information. (Subsection 5.5)

Advertising

Our obligation. We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. We are not required to spend any amount of advertising in the area or territory where any franchisee is located. We will maintain the brand website. We have no other obligation to conduct advertising.

Your own advertising material. All local advertising and promotion you conduct must be approved by us or must be consistent with our Marks, in good taste, and in a form provided or approved by us. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

Advertising council. We do not have an advertising council composed of franchisees.

Local or Regional Advertising Cooperatives. We do not have any local or regional advertising cooperatives. We do not have the right to require you to participate in a local or regional advertising cooperative.

Marketing Fund. You and all other franchisees must contribute to our Marketing Fund. Your contribution will be 2% of Gross Sales per month. The Marketing Fund is intended to maximize public recognition and acceptance of the Marks and the NerdsToGo System. In administering the Marketing Fund, we have no obligation to make expenditures for you that are equivalent or proportionate to your contribution or to ensure that any franchisee benefits directly or pro-rata from the production and execution of the advertising. In the fiscal year ended December 31, ~~2023~~2024, we spent the Marketing Fund Contributions in the following manner: ~~8.15~~4.65% on website optimization, ~~12.02~~10.85% on creative services, ~~4.98~~9.66% on email management, ~~1.59~~2.52% on public relations, ~~8.66~~11.83% on social media and ~~64.66~~60.48% on administrative expenses (including salaries for marketing personnel).

The Marketing Fund will not be audited. We will make unaudited annual financial statements available to you upon request. If less than all Marketing Fund Contributions are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year. The Marketing Fund is not used to develop, produce, or conduct advertising that is primarily a solicitation for the sale of franchises.

Market Introduction Plan. In addition to the Marketing Fund Contribution, you are required to spend not less than \$11,000 on the marketing plan for a new Franchised Business (\$9,000 for a Conversion Franchise, Co-Brand Franchised Business, or if you are purchasing a Resale Franchised Business in your local market). The \$11,000 for initial advertising for a new Franchised Business and the \$9,000 for initial marketing and advertising for a Conversion Franchise or a Co-Brand Franchised Business which is administered by our marketing department is paid to us before you register for the initial training program. The \$9,000 for the marketing introduction plan for a Resale Franchised Business is paid upon signing of the Franchise Agreement. Our marketing department will create a marketing introduction plan for each new Franchised Business, Conversion Franchise, Co-Brand Franchised Business, or Resale Franchised Business and will allocate your required marketing introduction plan pre-paid dollars to local programs at our sole discretion that will be scheduled to run for 6 months for a new Franchised Business and a minimum of 4 months for a Conversion Franchise, Co-Brand Franchised Business, or Resale Franchised Business. The programs in the initial marketing and advertising plan may include direct mail marketing programs, local digital advertising including local Pay-Per-Click advertising, search engine optimization, display or social media advertising, initial marketing/sales promotion items, virtual sales assistant customer prospecting email campaigns. There are 12 months of virtual sales assistant customer prospecting email campaigns included for a new Franchised Business, for a Conversion Franchise, and Co-Brand Franchised Business and 6 months is included for a Resale Franchised Business in the market introduction plan. Marketing programs are evaluated for effectiveness, and we may make changes to the tactics to optimize the marketing introduction plan. If additional funds remain after we outline the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be included in the pre-paid portion of the marketing introduction plan.

The monthly website fee to launch and maintain your local website is not included in the marketing prepay budget. Franchisees will be billed directly by our designated vendor.

Required spending. After the initial market introduction plan, you must spend 5% of Gross Sales (2% paid to the Marketing Fund and 3% local marketing) each month on local marketing and promotion of your Franchised Business. This amount is only a minimum requirement, and we do not represent that it is the optimal amount of money you spend on marketing. All local advertising and promotion you conduct must be approved by us or must be consistent with our Marks, in good taste, and in a form provided or approved by us. Additional digital advertising (search engine optimization (SEO), search engine marketing (SEM), local digital advertising, social media, and other digital approved services) can be purchased from our approved vendor.

Digital Advertising. Upon expiration of the pre-paid marketing dollars referenced above for digital advertising, you are required to continue digital advertising using and paying our designated agency to direct web traffic to your Franchised Business during its hours of operation.

Additional Digital Advertising. Additional digital advertising (SEO, SEM, PPC, social media, and other digital approved services) can be purchased from our approved provider. You must use our approved provider for all digital services.

Virtual Sales Assistant. If you choose to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing dollars referenced above, you must use and pay our designated vendor.

Social Media. Your Franchised Business may participate in approved social media programs (“Social Media”) and sites in accordance with our policies and guidelines established for Social Media, in the same geographic area as your Territory. (See Item 12 for more details). Different social media programs are allowed following our Social Media policy, guidelines, and naming convention. On any NerdsToGo social media sites, we must be co-administrators of your account.

Lead Generation Program. You are required to participate in the Lead Generation Program for 6 months. The Lead Generation Program will begin 30 days after you complete initial training. The Lead Generation Program is designed to identify, engage, and qualify potential leads for your Franchised Business. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program’s focus is on nurturing relationships and setting appointments with clients who have been qualified to need the services of your Franchised Business. The Lead Generation Program allows your Franchised Business to drive early growth through proactive lead generation strategies. You must use and pay our designated vendor.

Point-of-Sale and Computer Systems

You must use our “NerdNet” cloud-based software. The system is designed to provide you with daily management systems and infrastructure as it relates to management, financials and daily transactions. You must also use our Professional Service Automation (“PSA”) software. This PSA software provides field service management tools, including scheduling jobs, dispatching Nerd technicians, billing customers, providing payment processing, and managing our service management systems. The PSA software will also generate or store data such as financial, transaction and customer information. Our monthly technology fee (currently \$250 per month which is subject to change from time to time) includes NerdNet, a site license for the PSA software (up to 4 users per site). The PSA software is developed by a third party.

We will have electronic access to most operational aspects of your Franchised Business through the PSA software, including customer identity, appointments, invoicing and technician scheduling. Although there are no contractual limits imposed on our access to this information, we will not use the information gained through the PSA software for any purpose not related to your Franchised Business or the NerdsToGo System.

We require you to buy (or lease) and use computers, monitors; printers; applications for word processing, spreadsheets, accounting, and other typical office needs; Internet access; and mobile phones as needed for your Franchised Business. We currently do not require any particular computers, peripherals, or software except as listed above.

We estimate that these systems will cost between \$2,000 to \$5,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates.

We do not require you to enter into any such contract with a third party.

You must upgrade or update any system when we determine. There is no contractual limit on the frequency or cost of this obligation.

We estimate that the annual cost of any optional or required maintenance, updating, upgrading, or support contracts will be \$1,000 to \$3,000.

Operating Manual

See **Exhibit H** for the table of contents of our Operating Manual, and the number of pages devoted to each subject. The Operating Manual has 124 pages of written content combined with video and other content imbedded therein.

[Remainder of page left intentionally blank]

Training Program

Our training program consists of the following:

VIRTUAL TRAINING PROGRAM

Subject	Hours of Virtual Training	Hours of On- The- Job Training	Location
Brand Overview	1		Virtual
Brand Specific Online Coursework	9		Virtual
Operations Manual Usage	1		Virtual
Overview of Managed Service Offerings	2		Virtual
Leveraging Vendor Partnerships and Programs	8		Virtual
Vendor Specific Online Coursework	30		Virtual
Sales Training	10		Virtual
Sales Training Online Coursework	12		Virtual
Pricing Best Practices	1		Virtual
Lead Generation	4		Virtual
Marketing and Advertising	3		Virtual
Professional Services Automation Overview and Setup	8		Virtual
Professional Services Automation Online Coursework	17		Virtual
Remote Monitoring and Management Overview and Setup	4		Virtual
Remote Monitoring and Management Online Coursework	8		Virtual
Customer Service and Operational Excellence	5		Virtual
Business and Goal Planning	4		Virtual
Client Relationship Management	5		Virtual
TOTAL:	132		

IN-PERSON TRAINING PROGRAM

Subject	Hours of In-Person Training	Hours of On The Job Training	Location
Practical Application and Sales Training	8		Carrollton, TX
Financial Procedures	1		Carrollton, TX
Culture and Employee Relations	2		Carrollton, TX
Hands-on Solutions Deployment	4		Carrollton, TX
Systems Certification	4		Carrollton, TX
TOTAL:	19		

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding live training classes once per month. Live training will be held at our corporate offices and our current business location in Carrollton, Texas. We may vary the length and content of the initial training program based on the experience and skill level of any individual attending the initial training program. We may convert traditional classroom training entirely to or convert certain sessions to live instructor led virtual training.

The instructional materials consist of the Operating Manual and other materials, lectures, discussions, and on-the-job demonstration and practice.

Training classes are overseen by Jim Howe, Brand President. His experience is described in Item 2. Other members of our staff who have between ~~12~~ and ~~27~~ years' experience in the industry and between ~~3~~ to ~~16~~ years of experience with us will also assist with training.

Classes on topics may be led by individual training class leaders. Class leaders will have at least one year of experience in the applicable field.

There is no fee for up to four people to attend training. You must pay the travel and living expenses of people attending training.

You must attend and complete training before opening your Franchised Business. If you intend to operate a Non-Owner Managed Business, you must hire a Designated Manager before opening your Non-Owner Managed Business, and they must also attend and successfully complete training. You may send any additional people to training that you want (up to the maximum described above). You must complete training to our satisfaction at least 4 weeks before opening your Franchised Business.

We will provide our Nerd Technology training program to your Technology Expert and Technology Specialist and our sales and business development training program to up to 2 salespeople. There is no additional fee for this service. The Nerd Technology training is held is done online and the sales and business development training is done online.

Your Franchised Business must always be under your on-site supervision or under the on-site supervision of a Designated Manager who has completed our training program. If you need an employee to take our training program, we will charge a fee, which is currently \$600 per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

Site Selection: You assume all cost, liability, expense, and responsibility for locating, obtaining, and developing a site for your Franchised Business from a third party and for constructing and equipping the Franchised Business at the site. We do not own or lease sites to NerdsToGo Offices. You are responsible for obtaining permits, licenses, and certifications to begin construction, and conforming the site to local ordinances and building codes. You are prohibited from making any binding commitment to a prospective vendor or lessor of real estate for a site for a location unless the site is approved in writing by us in compliance with the procedure described below.

You will acquire, at your expense, a site for the Franchised Business at a site we first approve in writing within 12 weeks after you sign your Franchise Agreement. We may extend that period in writing. The Franchised Business may not be relocated without our written consent. At our discretion, we will select a local broker to assist you in locating sites for your Franchised Business which satisfy our site selection criteria. This does not apply to a Conversion Franchise or a Co-Brand Franchised Business, unless there is a need to relocate the Conversion or Co-Brand Franchised Business.

We will review proposed sites with you to ensure they meet our criteria for visibility, accessibility and suitability of the Premises and other relevant factors. We have specific criteria for a NerdsToGo Office to enable us to approve a particular site. We use a variety of reports, information, and sources to approve the site. We will use our best efforts to approve or disapprove your selected site within 14 days from the date that you submit a prospective site for approval. You will sign a lease or sublease for the Franchised Business within 16 weeks after you sign your Franchise Agreement. The factors we consider in approving sites are general location and neighborhood, visibility, accessibility, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms. Site visits will be as needed and determined by us. If a site visit is determined as necessary by us, we will notify you. We may withhold approval of any particular site for any bona fide reason that we, in the exercise of our reasonable business judgment, deem necessary. If our representative makes a trip, we will pay all costs incurred by our representative for an on-site evaluation of the premises for a location. You pay all costs incurred for any additional on-site evaluations you request or if we determine those additional evaluations are necessary. In addition, if you relocate the Franchised Business for any reason, you pay all costs we incur by conducting an on-site evaluation of the proposed site for the Franchised Business.

If you occupy the premises for the Franchised Business under a lease, you will submit the lease to us before it is signed for our approval and furnish us with a copy of the signed lease within

10 days after you sign it. We recommend seeking legal advice regarding the lease before signing it. Before we approve the lease for the Franchised Business, the lease must contain substantially the terms and provisions contained in our Franchisor's Required Lease Terms attached to the Franchise Agreement as **Attachment I**. You are not permitted to operate the Franchised Business under a month-to-month lease without our prior written approval. If you purchase the premises for the Franchised Business, you will submit the contract of sale to us for approval before it is signed and furnish us with a copy of the signed contract of sale within 10 days after it is signed.

If we cannot agree on a site or if you fail to acquire a site for the Franchised Business within the period or any extension we grant, it will be a default under the Franchise Agreement, and we have the right to terminate the Franchise Agreement.

The maximum time from the date you sign the Franchise Agreement to the opening of the Franchised Business for business should not exceed one year with the average time taking ~~5-to-8~~6-to-9 months. This time may vary depending on several of factors, including your ability to obtain financing, the time necessary to obtain an acceptable site, the time required to obtain permits and licenses necessary to operate the Franchised Business, the time required for tenant improvements and the time required for training.

If you are a Conversion Franchise or a Co-Brand Franchised Business, your Conversion Franchise or Co-Brand Franchised Business will be located at the location of your existing business unless agreed to otherwise in writing. You will bear the cost and expense for making all alterations, modifications, and improvements necessary to establish the Conversion Franchise or Co-Brand Franchised Business at your existing business.

We estimate the time from the date you sign the Franchise Agreement to the opening of your existing business as a Conversion Franchise or Co-Brand Franchised Business will be 90 days. This time may vary depending on several factors, including the time required for modification and improvements necessary to operate the Conversion Franchise or Co-Brand Franchised Business at your existing business.

[Remainder of page left intentionally blank]

Item 12 TERRITORY

Your Franchised Business

The Franchise Agreement grants you the right to operate in a single location at the approved site. You are assigned a specific geographic area around your Franchised Business (the “Territory”). The Territory encompasses an area sufficient to include a minimum of 5,000 businesses. If you comply with the Franchise Agreement, we will not establish or grant others the right to establish a NerdsToGo Office in the Territory unless there is an increase of at least 15% in the business counts in the Territory. In certain densely populated metropolitan areas or sparsely populated rural areas, a territory may be considerably smaller or larger. We will confirm the size of your Territory when we approve the location for the Franchised Business. Your Territory will be described in **Attachment A** to the Franchise Agreement. You must use your best efforts to advertise and promote the Franchised Business in the Territory. You may not offer or sell the products or services offered at the Franchised Business from any other premises.

Conversion or Co-Brand Franchised Business

The Territory for a Conversion Franchise or Co-Brand Franchised Business will be a defined area as determined by us. The Territory will be based on the sales of the existing business, and the size of the market. The businesses may be less for a Conversion Franchise’s or Co-Brand Franchised Business’s Territory than the businesses for a new NerdsToGo Office.

Relocation; Establishment of Additional Outlets

You do not have the right to relocate your Franchised Business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee’s business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current Franchised Business or a loss of your premises due to circumstances beyond your control. Any approval of a relocation space must be submitted to us in writing. You should not sign any binding legal documents or move your Franchised Business unless you receive our written approval.

The Franchise Agreement permits us to re-determine your Territory if you relocate your Franchised Business (“Relocation Territory”). The Relocation Territory will encompass an area sufficient to include an equivalent of the businesses you have today. If your Relocation Territory is outside of your Territory or near the margin-boundary of your Territory, as determined in the Franchisor’s sole discretion, the Territory will be changed, but will include the number businesses you have today (or other geographic criteria as we require from time to time). Any proposed Relocation Site must be approved in writing by us before you sign a non-binding Letter of Intent. Any proposed lease for a Relocation Site must be approved by us before you sign a binding Lease Agreement. In addition, any proposed Lease Agreement for a Relocation Site must include the Franchisor’s Required Lease Terms attached to the Franchise Agreement as **Attachment I**. We may withhold approval of any Relocation Site for any bona fide reason that we, in the exercise of our reasonable business judgment, deem necessary. After the relocation is complete, you must provide photographic evidence that you have implemented the NerdsToGo Brand Standards in

your reception area. We may elect not to change your address on your website until such time as Brand Standards are implemented and supporting photographic evidence is provided.

You do not have any options, right to establish additional franchised outlets or expand into an additional Territory. If you want to establish additional franchised NerdsToGo Offices, you must (1) meet our then-current criteria for new franchisees as well as our then-current criteria for multi-unit franchisees, (2) be in compliance with your Franchise Agreement at all times since opening your Franchised Business, (3) have demonstrated your capability to operate the Franchised Business successfully, and (4) obtain our agreement.

Territory Protection

We and our affiliates retain certain rights within and outside the Territory, as described below in this Item. The Franchise Agreement permits us to establish one or more NerdsToGo Offices in the Territory if there is a significant increase of at least 15% in people in the Territory. To re-determine the size of your Territory and grant a franchise for another NerdsToGo location in your Territory, your newly assigned Territory must contain at least 5,000 businesses.

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

We may dispatch another NerdsToGo operator to provide service to a customer in your Territory if:

- (i) you are not available to service the call within the time requirements we specify;
- (ii) the customer makes a special request which we elect to honor;
- (iii) we determine it necessary based on the experience and skills necessary to perform the requested services;
- (iv) the customer is a national account or regional account customer, and you are not participating in the account program for the customer; or
- (v) if you are in default of your Franchise Agreement.

Rights We Reserve

The Franchise Agreement does not preclude us or any of our affiliates from establishing, operating, franchising or licensing others to operate businesses at any site, including within your Territory by: (i) operating or franchising others to operate, similar or competitive businesses located inside or outside the Territory under trademarks or service marks other than the Marks; (ii) operating or franchising others to operate, other dissimilar businesses located inside or outside your Territory under trademarks or service marks other than the Marks; (iii) selling products or services anywhere that are similar to those sold by NerdsToGo Offices, but under trademarks or service marks other than the Marks; (iv) selling products and services anywhere that are similar to those sold by NerdsToGo Offices, which products and services are sold under the trademarks or

service marks but through dissimilar distribution channels (including without limitation via general or specialty retailers, the Internet or other electronic media); (v) selling products and services anywhere that are dissimilar from those sold by NerdsToGo Offices, but under the trademarks or any other trademarks or service marks; (vi) the right to operate, and to grant others the right to operate NerdsToGo Offices located anywhere outside your Territory; (vii) the right to acquire the assets or ownership interests of one or more businesses providing products and services similar to those provided at NerdsToGo Offices, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and (viii) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at NerdsToGo Offices, or by another business, even if such business operates, franchises and/or licenses competitive businesses in your Territory. While we currently have no plans to conduct those other businesses, we may do so in the future.

We are not required to pay you if we exercise any of the rights specified above inside your Territory.

There are certain franchisees (each, a “Legacy Franchisee”) that have entered into franchise agreements before the date of this Disclosure Document and were granted protected territories that are broader than the Territory that you will receive (each, a “Legacy Territory”). In Legacy Territories, we will not open another NerdsToGo Office, and we will not license or franchise another party to open a NerdsToGo Office in the Legacy Territory. We and our franchisees are not allowed to service customers located in any Legacy Territory. If you operate a location near a Legacy Territory, we may require you to enter into an addendum to your Franchise Agreement requiring you to comply with these restrictions.

Item 1 describes our current affiliated franchise programs, which are not direct competitors of the NerdsToGo system given the products/services they sell. There is no formal mechanism in place for resolving conflicts that may arise between your Franchised Business and the units of our affiliated franchise systems. We do not expect any material conflicts regarding Territory, customers, or franchise support.

[Remainder of page left intentionally blank]

Item 13 TRADEMARKS

Principal Marks

The following are the principal Marks that we license to you. These Marks are owned by [More Than IFGTN Capital Group](#), LLC.

These Marks are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”). Because the federal trademark registration is less than 6 years old, no affidavits are required currently. The registration has not yet been renewed.

Trademark	Application/Registration Number	Application/Registration Date
NERDS TO GO	4,886,072 (R)	January 12, 2016
	6,064,332 (R)	May 26, 2020
NERDASSURE	6,919,261 (R)	December 6, 2022
	973743527,160,846 (R)	April 21, 2022 September 12, 2023

[NTG-We](#) previously obtained a trademark registration with the USPTO for the logo Mark above, but that registration lapsed. [NTG-We](#) re-filed and obtained the registration above.

~~For one of the principal trademarks listed above, we do not have a federal registration for that principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

Determinations

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There are no pending infringement, opposition, or cancellation proceedings.

Litigation

There is no pending material federal or state court litigation regarding our use or ownership rights in the Marks.

Agreements

There are no currently effective agreements that significantly limit our rights to use or license the use of the Marks listed above in a manner material to the Franchised Business.

Protection of Rights

We protect your right to use the principal Marks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the Marks, to the extent described in this section.

You must immediately notify us of any infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks within 10 days of receipt of notice. You and owners must not communicate with any person other than us and our counsel concerning any infringement, challenge, or claim. We have complete discretion to take any action that we determine appropriate and have the right to exclusively control and conduct any litigation, or USPTO or other proceeding arising out of any infringement, challenge, or claim relating to any of the Marks. You must sign all instruments and documents, provide any assistance, and perform any acts that, in the opinion of our counsel, are necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintaining our interest in the Marks. At our option, we may defend and/or control the defense of any proceeding arising from your use of any of the Marks. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving the Marks; however, if you timely notify us and comply with our directions in response to a Marks infringement proceeding that disputes your authorized use of the Marks, then we will reimburse you for your damages and reasonable expenses you incur.

We may substitute different names and marks to identify the System and the businesses operating under it if the Marks no longer can be used or their use is restricted, or if we determine that substituting different names and marks will benefit the System. You must pay any costs you incur to comply with any change or modification of the Marks. We may, at our discretion, reimburse you a portion of the expenses you incur that are directly related to the change or modification. You must send us documentation satisfactory to us.

Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal Marks.

Your Use of the Marks

You must use only the Marks we designate and use them only in the manner we authorize and permit. Any unauthorized use of the Marks is an infringement of our rights and a material event of default under the Franchise Agreement. You must not use the name NerdsToGo or any other Mark in the corporate or other legal name of any corporation or other entity formed by or affiliated with you. You must use the Marks only for operating or in advertising the Franchised Business.

You must comply with our instructions in filing and maintaining trade names or fictitious name registrations. You must execute any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of, or any of our affiliate's rights in and the Marks.

When the Franchise Agreement terminates or expires, you must immediately stop using our Marks, remove them from the Franchised Business and cancel any advertising using the Marks. We have exclusive rights to our Marks. We also have the right to monitor, supervise and control the use of our Marks by our franchisees and the nature and quality of the goods and services provided under the Marks. We have the right to modify or discontinue the use of any of the Marks and you are required to comply with our standards for their use as modified.

[Remainder of page left intentionally blank]

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

Copyrights

All our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Operating Manual as well as all other sales, training, videos, marketing, designs, advertising and promotional materials, management, and other materials that we have created or will create for use in the NerdsToGo System; and training materials such as manuals, handouts, knowledge base, electronic training and other visual aids used during training. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your Franchised Business. This information is communicated to you confidentially and is treated as proprietary in the Franchise Agreement.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

At our option, we may defend and/or control the defense of any proceeding arising from your use of any copyrights. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright; however, if you timely notify us and comply with our directions in response to a copyright infringement or challenge that disputes your authorized use of the copyrights, then we will reimburse you for your damages and reasonable expenses. You must sign any documents, and do what may, in our counsel's opinion, be necessary to protect our interests in any litigation or administrative or agency proceeding or to otherwise protect and maintain our interests in the copyrights. You must also agree not to contest our interest in these or our other confidential information.

We have the right to modify or discontinue the use of all materials used in the System (including those covered by copyrights). You are required to comply with our standards for their use as modified.

We do not know of any copyright infringement that could materially affect you.

Proprietary Information

We have a proprietary, confidential Operating Manual and related materials that include guidelines, standards and policies for the development and operation of your Franchised Business.

We also claim proprietary rights in other confidential information or trade secrets that include all methods for developing and operating the Franchised Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

All customer data and other non-public data generated by your Franchised Business is confidential information and are exclusively owned by us. We license such data back to you without charge solely for your use in connection with your Franchised Business.

The Operating Manual and other materials contain our confidential information (some of which constitutes trade secrets under applicable law). You must treat the Operating Manual and our Systems and any other manuals and any other Systems we create or approve for you to use in operating the Franchised Business, and the information contained in them, as confidential. You must also maintain this information as secret and confidential. You must not duplicate, copy, record or otherwise reproduce these materials or make them available to any unauthorized person. The Operating Manual remains our sole property and must be kept in a secure place at the Franchised Business. The Operating Manual may also include information maintained at our secure website; access to this information is via password only, you must maintain your password in a secure place. The Operating Manual and materials that contain our confidential information must be returned to us if the Franchise Agreement is terminated or expires.

We may revise the contents of the Operating Manual and you must comply with each new or changed standard. You will ensure that your copies or versions of the Operating Manual are always kept current. If there is a dispute as to the contents of the Operating Manual, the terms of the electronic master copy maintained by us at our home office will be controlling.

We work together with you and other franchisees toward constant improvement and adapting to change to remain relevant and competitive in the IT services industry. Many of our current processes are a result of franchisee innovation and input.

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

You may not use our confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others. You are prohibited, during and after

the term of the Franchise Agreement, from communicating, or using for the benefit of any other person or entity, any confidential information, knowledge, or know-how concerning the methods of operating the Franchised Business that may be communicated to you or that you may learn about in operating the Franchised Business. You can divulge this confidential information only to your Designated Manager (if you operate a Non-Owner Managed Office) or other key management employees and each of your employees who have access to it to operate your Franchised Location. You are prohibited, without first obtaining our written consent, from copying, recording or otherwise reproducing the materials or information or from making them available to any unauthorized person. All information, knowledge, know-how and techniques related to the System that we communicate to you, including the Operating Manual, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

You must have your personnel who have received or will have access to confidential information sign similar covenants.

Media: Any videos, and web content provided via mail or other delivery (“Media”) we provide you are also to be treated as confidential information as described above. You are prohibited from copying, sharing on-line resources, or otherwise reproducing or making them available to any unauthorized person in any way. The Media must be returned to us if the Franchise Agreement is terminated or expires.

[Remainder of page left intentionally blank]

Item 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISE LOCATION**

Your Participation

To ensure the site where you operate your Franchised Business operates efficiently, you or your Designated Manager must operate the Franchised Business at the times and in the manner described in the Operating Manual. We may change these requirements at any time. The Franchised Business must be open during normal business hours (as provided in the Operating Manual), Monday through Friday, (except holidays as provided in the Operating Manual). You may operate the Franchised Business on Saturday and Sunday, if you choose to do so.

If you operate under our standard model, you are required to participate personally in the direct operation of your Franchised Business and must devote full-time and attention to the Franchised Business. If you operate a Non-Owner Managed Franchised Business, you are not required to participate personally in the operation of your Franchised Business, but you must appoint a Designated Manager that resides locally in the Territory to operate and devote his or her full-time attention to the Non-Owner Managed Franchised Business.

If you are the sole owner of the Franchised Business, then you are deemed the “Principal Executive”. If the Franchised Business is owned through a corporation or limited liability company, you must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your Franchised Business and has decision-making authority on behalf of the Franchised Business. The Principal Executive must own at least 10% of the Franchised Business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make a reasonable effort to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the Franchised Business must sign our Guaranty and Assumption of Obligations, **Attachment E** to the Franchise Agreement and to the Co-Brand Franchise Agreement.

Designated Manager and Non-Manager Franchised Businesses

If you operate a Non-Manager Franchised Business, you are not required to personally conduct “on-premises” supervision of your Franchised Location. You must appoint a Designated Manager to operate the day-to-day operation of your Non-Manager Franchised Business, who we must pre-approve using the Designated Manager Form attached as **Attachment C** to the Franchise Agreement and to the Co-Brand Franchise Agreement.

Other than receiving our pre-approval and the Designated Manager residing locally in the Territory, there is no limit on who you can hire as a Designated Manager. The Designated Manager of your Non-Owner Managed Franchised Business (whether that is you or a hired person) must

successfully complete our training program.

If the Non-Owner Managed Franchised Business is owned by an entity, we do not require that the Designated Manager own any equity in the entity.

Restrictions on Your Designated Manager

If we request, you must have your Designated Manager (and other key employees that we reasonably designate) sign a confidentiality and non-compete agreement, unless prohibited by state or local laws attached to the Franchise Agreement and Co-Brand Franchise Agreement as **Attachment D**. We will not require you to enter into a confidentiality and non-compete agreement that violates applicable state law. We do not require you to place any other restrictions on your Designated Manager.

[Remainder of page left intentionally blank]

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The premises at which you operate your Franchised Business must be used solely for operating the Franchised Business unless you are granted a franchise for Co-Brand Franchised Business. You must refrain from using or permitting the Franchised Business premises to be used for any other purpose or activity at any time unless you first obtain our written consent. If you are granted a franchise for a Co-Brand Franchised Business, you may operate the Existing Business and the Co-Brand Franchised Business at the premises.

To ensure that the highest degree of quality and service is maintained, you must operate the Franchised Business in strict conformity with the methods, standards, and specifications that we provide in the Manuals or otherwise in writing. You must sell at the Franchised Business all products and services we require and provide the products and services in the manner and style that we specify. You will sell only those products and services that we have expressly approved for sale in writing. You will not deviate from our standards and specifications without our written consent. You will discontinue selling any product or service that we have disapproved of in writing at any time on notice. There are no limits on our rights to change the types of products or services you may offer. You may not offer or sell the products or services offered at the Franchised Business from any site other than the Franchised Business without our written consent. Although not contractually required to do so, we typically review product or service requests within 90 days.

You have sole discretion as to the prices and terms you charge customers for any products and services.

We do not impose any other restrictions, in the Franchise Agreement or otherwise, as to the goods or services that you may offer or as to the customers to whom you may sell.

[Remainder of page left intentionally blank]

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

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

Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	§ 3.1	The term of the Franchise Agreement is 10 years from date of signing.
b. Renewal or extension of the term	§ 3.2	10-year renewal term.
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor Franchise Agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original Franchise Agreement.</p> <p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then- current standards; sign then-current form of Franchise Agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your Franchised Business after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 10-year term.</p>
d. Termination by Franchisee	Not Applicable	Subject to state law.

e. Termination by franchisor without cause	Not Applicable	Subject to state law.
f. Termination by franchisor with cause	§ 14.1	We can terminate only if you default, subject to state law.
g. "Cause" defined--curable defaults	§ 14.1	Non-payment by you (10 days to cure); failure to submit EFTA within 10 days after notice or violate Franchise Agreement other than non- curable default (30 days to cure).
h. "Cause" defined--non-curable defaults	§ 14.1	<p>Non-curable defaults: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your Franchised Business; violation of law; non- compliance with Anti-Terrorism Laws; violation of confidentiality; violation of non-compete; fails to (a) satisfactorily complete the initial training program; or (b) attend the Annual Convention as required under this Agreement, unless excused by our prior written consent; violation of transfer restrictions; violation of System Standards; slander or libel of us; refusal to cooperate with our business inspection; sell any products or services not authorized by us: cease operations for more than 5 consecutive business days; three defaults in 12 months; 3 or more customer complaints in 12 months, cross-termination; charge, plea to, or conviction of a felony; commit or be accused of an act that is reasonably likely to affect our brand materially and unfavorably; any other breach of Franchise Agreement which by its nature cannot be cured.</p> <p>Limited Services: If you are in default under your Franchise Agreement and you fail to timely cure it, we may, at our option, rather than terminating your Franchise Agreement, elect to provide Limited Services to you. Such Limited Services include: 1) Franchised Business's web page(s) removed from NerdsToGo.com; 2) no access to Marketing Fund services; 3) removal of you and your employees from the email system; 4) no access to our NerdNet proprietary operations</p>

		<p>portal; 5) not eligible to attend NerdsToGo events; 6) no access to our on- line training; 7) no access to NerdsToGo Office design, layout services and real estate services; 8) ineligible to purchase or open additional NerdsToGo Offices; and 9) Franchised Business visits limited to only what is required by the Franchise Agreement. If you are in default and receiving Limited Services, we may terminate the Franchise Agreement at any time if you fail to cure the default.</p> <p>Non-Compliance Fee: If you are in default of your Franchise Agreement and you fail to timely cure it, we may, at our option charge a non-compliance fee (See Item 6).</p>
i. Franchisee’s obligations on termination/n on- renewal	§§ 14.3 – 14.6	Pay all amounts due; return Operating Manual and proprietary items; notify phone, Internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of Franchise Agreement by us	§ 15.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	§ 15.2	For you (or any owner of your Franchised Business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (I) substantially all the assets of the Franchised Business, (ii) the Franchise Agreement, (iii) any direct or indirect ownership interest in your Franchised Business, or (iv) control of the Franchised Business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	We have the right to approve all transfers but will not unreasonably withhold approval.

m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current Franchise Agreement and related documents (including personal guaranty); you have made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); Franchised Business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your Franchised Business (other than to your co-owner, spouse, sibling, or child), we can match any offer for the Franchised Business.
o. Franchisor's option to purchase franchisee's business	§ 14.6	None, but, if the franchise terminated, we have the right to purchase the inventory, equipment, fixtures, furnishings, and all items bearing the Marks at Franchisee's cost or fair market value, whichever is less.
p. Death or disability of franchisee	§ 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the Franchised Business, and your executor must transfer the Franchised Business to an approved new owner within 9 months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the Franchised Business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor. Non-competition covenants are subject to state law.

r. Non-competition covenants after the Franchise Agreement is terminated or expires	§ 13.2	For 2_-years, neither you, any owner of the Franchised Business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within 5 miles of your former Territory or the Territory of any other NerdsToGo Office operating on the date of termination. Non-competition covenants are subject to state law.
s. Modification of the Franchise Agreement	§ 18.3	No modification or amendment of the Franchise Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Operating Manual or system specifications.
t. Integration/merger clause	§ 18.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. However, no claim in made in any Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration	§ 17.1	Except for certain claims, all disputes must be arbitrated in Dallas County, Texas. (See Disclosure Document Addendum and State Amendment to Franchise Agreement.), subject to state law.
v. Choice of forum	§ 17.5	The venue for all proceedings related to or arising out of the Franchise Agreement is Dallas County, Texas, unless otherwise brought by us (subject to applicable state law). (See Disclosure Document Addendum and State Amendment to Franchise Agreement.)

w. Choice of law	§ 18.7	The Franchise Agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules) (subject to applicable state law). (See Disclosure Document Addendum and State Amendment to the franchise agreement.)
------------------	--------	---

For additional disclosures required by certain states, refer to **Exhibit I** - State Addenda to Disclosure Document.

[Remainder of page left intentionally blank]

Co-Brand Franchise Agreement

Provision	Section in agreement	Summary
a. Length of the franchise term	§ 3.1	The term of the Co-Brand Franchise Agreement is 10 years from date of signing.
b. Renewal or extension of the term	§ 3.2	10-year renewal term.
c. Requirements for franchisee to renew or extend	§ 3.2	<p>For our franchise system, “renewal” means that at the end of your term, you sign our successor Co-Brand Franchise Agreement for an additional 10-year term. You may be asked to sign a contract with materially different terms and conditions than your original Co-Brand Franchise Agreement. To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of Co-Brand Franchise Agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your Co-Brand Franchised Business after the expiration of the term without a renewal Co-Brand Franchise Agreement, then we may either terminate your operation at any time or deem you to have renewed your Co-Brand Franchise Agreement for a 10-year term.</p>
d. Termination by Franchisee	Not Applicable	Subject to state law.
e. Termination by franchisor without cause	Not Applicable	Subject to state law.
f. Termination by franchisor with cause	§ 14.1	We can terminate only if you default, subject to state law.
g. “Cause” defined--curable defaults	§ 14.1	Non-payment by you (10 days to cure); failure to submit EFTA within 10 days after notice or violate Co-Brand Franchise Agreement other than non-curable default (30 days to cure).

<p>h. "Cause" defined--non-curable defaults</p>	<p>§ 14.1</p>	<p>Non-curable defaults: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your Co-Brand Franchised Business; violation of law; non-compliance with Anti-Terrorism Laws; violation of confidentiality; violation of non-compete; violation of transfer restrictions; fails to (a) satisfactorily complete the initial training program; or (b) attend the Annual Convention as required under this Agreement, unless excused by prior written consent of GTN; violation of System Standards; slander or libel of us; refusal to cooperate with our business inspection; sell any products or services not authorized by us; cease operations for more than 5 consecutive business days; three defaults in 12 months; 3 or more customer complaints in 12 months, cross-termination; charge, plea to, or conviction of a felony; commit or be accused of an act that is reasonably likely to affect our brand materially and unfavorably; any other breach of the Co-Brand Franchise Agreement which by its nature cannot be cured.</p> <p>Limited Services: If you are in default under your Co-Brand Franchise Agreement and you fail to timely cure it, we may, at our option, rather than terminating your Co-Brand Franchise Agreement, elect to provide Limited Services to you. Such Limited Services include: 1) Co-Brand Franchised Business's web page(s) removed from NerdsToGo.com; 2) no access to Marketing Fund services; 3) removal of you and your employees from the email system; 4) no access to our NerdNet proprietary operations portal; 5) not eligible to attend</p>
---	---------------	--

		<p>NerdsToGo events; 6) no access to our on-line training; 7) no access to NerdsToGo Office design, layout services and real estate services; 8) ineligible to purchase or open additional NerdsToGo Offices; and 9) Co-Brand Franchised Business visits limited to only what is required by the co-brand Franchise Agreement. If you are in default and receiving Limited Services, we may terminate the Co-Brand Franchise Agreement at any time if you fail to cure the default.</p> <p>Non-Compliance Fee: If you are in default of your Co-Brand Franchised Business Franchise Agreement and you fail to timely cure it, we may, at our option charge a non-compliance fee (See Item 6).</p>
i. Franchisee’s obligations on termination/non-renewal	§§ 14.3 – 14.6	Pay all amounts due; return Operating Manual and proprietary items; notify phone, Internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of co-brand Franchise Agreement by us	§ 15.1	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	§ 15.2	For you (or any owner of your Co-Brand Franchised Business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all the assets of the Co-Brand Franchised Business, (ii) the Co-Brand Franchise Agreement, (iii) any direct or indirect ownership interest in your Co-Brand Franchised Business, or (iv) control of the Co-Brand Franchised Business.
l. Franchisor’s approval of transfer by franchisee	§ 15.2	We have the right to approve all transfers but will not unreasonably withhold approval.

m. Conditions for franchisor's approval of transfer	§ 15.2	Pay transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current Co-Brand Franchise Agreement and related documents (including personal guaranty); you have made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release (subject to state law); Co-Brand Franchised Business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor's right of first refusal to acquire franchisee's business	§ 15.5	If you want to transfer your Co-Brand Franchised Business (other than to your co-owner, spouse, sibling, or child), we can match any offer for the franchisee's business.
o. Franchisor's option to purchase franchisee's business	§ 14.6	None, but, if the franchise terminated, we have the right to purchase the inventory, equipment, fixtures, furnishings, and all items bearing the Marks at Franchisee's cost or fair market value, whichever is less.
p. Death or disability of franchisee	§ 15.4	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the Co-Brand Franchised Business, and your executor must transfer the Co-Brand Franchised Business to an approved new owner within 9 months.
q. Non-competition covenants during the term of the franchise	§ 13.2	Neither you, any owner of the Co-Brand Franchised Business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor. Non-competition covenants are subject to state law.

r. Non-competition covenants after the Co-Brand Franchise Agreement is terminated or expires	§ 13.2	For 2 -years, neither you, any owner of the Co-Brand Franchised Business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within 5 miles of your former Territory or the Territory of any other NerdsToGo Office operating on the date of termination. Non-competition covenants are subject to state law.
s. Modification of the Co-Brand Franchise Agreement	§ 18.3	No modification or amendment of the Co-Brand Franchise Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Operating Manual or system specifications.
t. Integration/merger clause	§ 18.2	Only the terms of the Co-Brand Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Co-Brand Franchise Agreement may not be enforceable. However, no claim in made in any Co-Brand Franchise Agreement is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by arbitration	§ 17.1	Except for certain claims, all disputes must be arbitrated in Dallas County, Texas. (See Disclosure Document Addendum and State Amendment to Co-Brand Franchise Agreement), subject to state law.
v. Choice of forum	§ 17.5	The venue for all proceedings related to or arising out of the Co-Brand Franchise Agreement is Dallas County, Texas, unless otherwise brought by us (subject to applicable state law). (See Disclosure Document Addendum and State Amendment to Co-Brand Franchise Agreement.)

w. Choice of law	§ 18.7	The Co-Brand Franchise Agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules) (subject to applicable state law). (See Disclosure Document Addenda and State Addenda to the Franchise Agreement.)
------------------	--------	---

For additional disclosures required by certain states, refer to **Exhibit I** - State Addenda to Disclosure Document.

[Remainder of page left intentionally blank]

Item 18
PUBLIC FIGURES

We do not use any public figures to promote our NerdsToGo Offices.

[Remainder of page left intentionally blank]

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 location or under particular circumstances.

20242023 FINANCIAL PERFORMANCE REPRESENTATION

On December 31, 20242023, there were 3431 NerdsToGo ~~Franchised Offices~~locations open and in operation and, of those, 25 were in continuous operation during the entire calendar year ending December 31, 20242023. The table below shows historical financial performance for the 25 NerdsToGo Offices that were in continuous operation for the entire 20232024 calendar year and excludes NerdsToGo Offices that temporarily closed, had limited operations with a single employee, or did not report Gross Revenue in 20242023.

As used in this Item 19, “Gross Revenue” is defined as the grand total of all sale transactions reported in a period, less sales tax, discounts, allowances, and returns. Gross Revenue is generated primarily (but not entirely) from four categories: (i) on-site service calls, (ii) on-site product sales, (iii) walk-in service, and (iv) walk-in product sales. “On-site” refers to service and sales performed at the customer’s location.

TABLE 1
Systemwide Gross Revenue
Franchised NerdsToGo Offices Operating for the Entire 20232024 Calendar Year

<u>20242023</u>	Total Reporting Businesses	Top Quartile Reporting Businesses by Revenue	3rd Quartile Reporting Businesses by Revenue	2nd Quartile Reporting Businesses by Revenue	Bottom Quartile Reporting Businesses by Revenue
# of Reporting	<u>2525</u>	<u>66</u>	<u>66</u>	<u>67</u>	<u>76</u>
Highest Gross	<u>\$1,088,5701,113,319</u>	<u>\$1,088,5701,113,319</u>	<u>\$390,819462,153</u>	<u>\$275,270318,498</u>	<u>\$181,608122,285</u>
Lowest Gross	<u>\$51,11634,391</u>	<u>\$400,099469,898</u>	<u>\$279,859319,873</u>	<u>\$201,69132,0691</u>	<u>\$51,11634,391</u>
Average Gross	<u>\$331,305356,574</u>	<u>\$681,181767,078</u>	<u>\$334,452387,513</u>	<u>\$239,810221,282</u>	<u>\$107,13876,971</u>
# At or Above	<u>99</u>	<u>33</u>	<u>33</u>	<u>33</u>	<u>42</u>

% At or Above	36.0 <u>36.0</u> %	50.0 <u>50.0</u> %	50.0 <u>50.0</u> %	50.0 <u>42.9</u> %	57.1 <u>33.3</u> %
Median Gross	\$275,270 <u>\$318,498</u>	\$641,338 <u>\$744,814</u>	\$338,790 <u>\$377,732</u>	\$241,021 <u>\$211,126</u>	\$120,333 <u>\$73,321</u>

Notes:

1. The highest and lowest reported Gross Revenue for the 25 NerdsToGo Offices included in the average were ~~\$1,113,319~~\$1,088,570 and ~~\$34,391~~\$51,116, respectively. Of the 25 NerdsToGo Offices, ~~99~~ or ~~36.0~~36.0% met or exceeded the average Gross Revenue. The Top Quartile reported average Gross Revenue of ~~\$763,078~~\$681,181 and ~~33~~ NerdsToGo Offices or ~~50.0~~50.0% met or exceeded the average. The highest and lowest reported Gross Revenue for the Top Quartile were ~~\$1,113,319~~\$1,088,570 and ~~\$469,898~~\$400,099, respectively.

2. The average Gross Revenue figures included in this analysis are based on sales reports submitted to us by each Franchisee. The figures in the sales reports have not been audited and we have not undertaken to otherwise independently verify (i) the accuracy of such information or (ii) whether such information was prepared in accordance with generally accepted accounting principles.

2.3. Individual results may differ materially from those reflected in Table 1 and is affected by multiple factors including but not limited to: size and population of territory; number of NerdVans operated; demographics; competition; the length of time the business has been operated; weather and climate conditions; amount and type of marketing; and other factors.

Results of 2023 Financial Surveys

~~In addition to the average Gross Revenue analysis for 2023 presented above, certain expenses expressed as a percentage of Gross Revenue, have been provided based on the experience of certain of the foregoing NerdsToGo Offices in 2023, as described below. The expense figures were extracted from the 2023 financial statements submitted by the NerdsToGo franchisees included in our 2023 Financial Surveys. We have not been provided with expense data from 18 of the 25 NerdsToGo Offices that were open and in continuous operation during the 2023 calendar year. In each instance, this was primarily due to the proximity of year end to the time of compilation of these numbers and 18 such NerdsToGo Offices were not included in the expense figures provided herein. You should note that expense data for the 7 NerdsToGo Offices included in the 2023 compilation relates to operations during the 2023 calendar year.~~

~~The information relating to the operations expenses provided by the NerdsToGo Offices and used by us in determining the numerical values provided have not been audited and such information has not necessarily been prepared on a basis consistent with generally accepted accounting principles. We are unable to verify whether the expense data submitted by each NerdsToGo Office for each separately provided expense item appropriately reflect the types of expenses which are ordinarily incurred by NerdsToGo Offices, and which should be included in the item according to generally accepted accounting principles.~~

~~Each percentage given in this analysis reflects the mean average or the median of the total percentages for the applicable expense item provided by the reporting NerdsToGo Offices (i.e., the aggregate sum of the expense percentages of all reporting NerdsToGo Offices divided by the~~

~~number of reporting NerdsToGo Offices). The expense percentages for the various expense items provided by each reporting NerdsToGo Office reflect that NerdsToGo Office's expenses as a~~

percentage of its Gross Revenue. No percentage given on this analysis is the actual expenses percentage experienced by any one NerdsToGo Office and the actual expense percentages for the reporting NerdsToGo Office on any expense item may vary significantly.

The following expenses represent the major expense items for a NerdsToGo Office and should not be considered the only expenses that a NerdsToGo Office will incur:

**2023 Year-End Average & Median P&L
For NerdsToGo Offices
(7 Locations Reporting)**

2023	Average	% of Sales	# of locations at or above the Average	Median
GROSS REVENUE	\$ 542,961	100.0%	2	\$ 391,095
COST OF GOODS	\$ 157,068	28.9%	2	\$ 94,218
OPERATING EXPENSES				
Labor, incl Franchisee Principal Compensation	\$ 190,511	35.1%	3	\$ 119,690
Advertising	\$ 26,636	4.9%	2	\$ 23,271
Facilities	\$ 25,686	4.7%	2	\$ 22,238
Royalties	\$ 45,731	8.4%	3	\$ 38,695
Other General & Admin Expenses	\$ 59,019	10.9%	3	\$ 50,081
EBITDA	\$ 10,723	2.0%	3	\$ (4,182)
Franchise Principal Compensation	\$ 68,551	12.6%	3	\$ 56,183
Total Franchisee Principal's Benefit	\$ 97,068	17.9%	1	\$ 71,523

*The highest and lowest reported Gross Revenue for the 7 NerdsToGo Offices that provided 2023 financial statements were \$1,082,636 and \$310,677, respectively.

The amount of gross revenue realized, and expenses incurred will vary from unit to unit. Gross revenue and expenses at Franchisee's NerdsToGo Office will be directly affected by many additional factors not noted above, including, without limitation, the NerdsToGo Office's geographic location, competition in the market, the presence of other NerdsToGo Offices, the quality of management, the effectiveness of sales and marketing and the prices charged for products and services sold at the NerdsToGo Office. Further, the Franchise Agreement to which each franchisee included in this analysis is subject is different from the Franchise Agreement attached to this DISCLOSURE DOCUMENT as **Exhibit B**. Among other terms, the Franchise Agreement attached to this DISCLOSURE DOCUMENT requires an initial franchise fee of \$49,750 and a continuing Service Fee of 7% on Gross Revenue. This analysis, therefore, should only be used as a reference for you to use in conducting its own analysis.

Contribution of B2B “Nerd Assure” Program

In September 2021, we launched our business-to-business (“B2B”) focused NerdAssure program. This program provides remote monitoring and other services for B2B customers and focuses on longer-term recurring monthly charges for these services. As of December 31, ~~2024~~~~2023~~, ~~19~~~~20~~ locations had opted into the NerdAssure Program, and the average monthly recurring revenue per NerdsToGo Office was \$~~10,6177,104~~ (~~66~~ or ~~30.03~~~~1.6~~% of which met or exceeded that average), with a median revenue per location of \$~~7,8265,483~~. The lowest revenue reported was \$~~1,4351,716~~ and the highest reported revenue was \$~~53,07828,838~~. As of December 31, ~~2024~~~~2023~~, ~~20~~~~19~~ NerdsToGo Offices had opted into the NerdAssure Program. For the period between January 1, ~~2024~~~~2023~~, and December 31, ~~2024~~~~2023~~, the average monthly recurring revenue per NerdsToGo Office from the NerdAssure Program was \$~~13,11110,617~~ (~~86~~ or ~~42.13~~~~0.0~~% of which met or exceeded that average), with a median revenue per NerdsToGo Office of \$~~9,1977,826~~. The lowest revenue reported was \$~~2,0601,435~~ and the highest reported revenue was \$~~52,11353,078~~.

NerdAssure Program	2022	2023	<u>2024</u>
# of NerdsToGo Offices Opted In	19	20	<u>19</u>
Highest Monthly Recurring Revenue	\$28,838	\$53,078	<u>\$52,113</u>
Lowest Monthly Recurring Revenue	\$1,716	\$1,435	<u>\$2,060</u>
Average Monthly Recurring Revenue	\$7,104	\$10,617	<u>\$13,111</u>
# At or Above Avg	6	6	<u>8</u>
% At or Above Avg	31.6%	30.0%	<u>42.1%</u>
Median Monthly Recurring Revenue	\$5,483	\$ 7,826	<u>\$9,197</u>

Finally, you should particularly note the following:

You are urged to consult with appropriate financial, business, and legal advisors in connection with the information set forth in this analysis.

Some NerdsToGo Offices have earned this amount. Your individual results may differ. There is no assurance that you will earn as much.

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

Except for the representations above, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. 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 the Franchise Development Department at 2542 Highlander Way, Carrollton, Texas 75006, 214-346-5600, the Federal Trade Commission, and the appropriate state regulatory agencies.

[Remainder of page left intentionally blank]

**Item 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table 1
System wide Outlet Summary For Years 202~~21~~ to 202~~43~~**

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	202 21	<u>30</u> 25	<u>32</u> 30	+ <u>2</u> 5
	202 32	<u>32</u> 30	<u>34</u> 32	+ <u>2</u> 2
	202 43	<u>34</u> 32	<u>31</u> 34	- <u>3</u> +2
Company-Owned*	202 21	1	1	0
	202 32	1	1	0
	202 43	<u>1</u> 1	<u>0</u> 1	- <u>1</u> 0
Total Outlets	202 21	<u>31</u> 26	<u>33</u> 31	+ <u>2</u> 5
	202 32	<u>33</u> 31	<u>35</u> 33	+ <u>2</u> 2
	202 43	<u>35</u> 33	<u>31</u> 35	- <u>4</u> +2

*The company-owned outlet ~~is~~ was operated by our affiliate, ~~NerdsToGo Company Owner Office~~ More than It, LLC, in Guilford, Connecticut until it closed in June 2024.

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 202~~21~~ to 202~~43~~**

Column 1 State	Column 2 Year	Column 3 Number of Transfers
South Carolina	202 21	<u>1</u> 0
	202 32	<u>0</u> 1
	202 43	<u>0</u> 0
Texas	202 21	<u>2</u> 1
	202 32	<u>1</u> 2
	202 43	<u>0</u> 1
Total	202 21	<u>3</u> 1
	202 32	<u>1</u> 3
	202 43	<u>0</u> 1

Table 3
Status of Franchised Outlets for Fiscal Years 202~~21~~ to 202~~43~~

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Alabama	202 1	0	0	0	0	0	0	0
	202 32	0	0	0	0	0	0	0
	202 43	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
California	202 1	<u>01</u>	0	<u>01</u>	0	0	0	0
	202 32	0	0	0	0	0	0	0
	202 43	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>
Colorado	2021	<u>22</u>	0	<u>10</u>	0	0	0	<u>12</u>
	202 32	<u>12</u>	0	<u>01</u>	0	0	0	<u>11</u>
	202 43	<u>11</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>11</u>
Delaware	202 1	0	0	0	0	0	0	0
	202 32	0	<u>10</u>	0	0	0	0	<u>10</u>
	202 43	<u>10</u>	<u>01</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>11</u>
Florida	202 1	2	0	0	0	0	0	2
	202 32	2	0	0	0	0	0	2
	202 43	<u>22</u>	<u>00</u>	<u>10</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>12</u>
Illinois	202 1	0	0	0	0	0	0	0
	202 32	0	<u>20</u>	0	0	0	0	<u>20</u>
	202 43	<u>20</u>	<u>02</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>22</u>
Indiana	202 1	<u>01</u>	0	<u>01</u>	0	0	0	0
	202 32	0	0	0	0	0	0	0
	202 43	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>	<u>00</u>

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations Other Reasons	Column 9 Outlets at End of the Year
Iowa	2022 1	0	0	0	0	0	0	0
	2023 2	0	0	0	0	0	0	0
	2024 3	00	00	00	00	00	00	00
Kentucky	2022 1	10	04	0	0	0	0	14
	2023 2	14	0	10	0	0	0	04
	2024 3	04	00	04	00	00	00	00
Louisiana	2022 1	0	0	0	0	0	0	0
	2023 2	0	20	0	0	0	0	20
	2024 3	20	12	00	00	00	00	32
Massachusetts	2022 1	22	0	0	0	0	0	22
	2023 2	22	0	0	0	0	0	22
	2024 3	22	00	00	00	00	00	22
Nevada	2022 1	14	0	0	0	0	0	14
	2023 2	14	0	0	0	0	0	14
	2024 3	14	00	00	00	00	00	14
New Hampshire	2022 1	24	04	10	0	0	0	12
	2023 2	12	0	14	0	0	0	04
	2024 3	04	00	04	00	00	00	00
New Jersey	2022 1	14	10	0	0	0	0	24
	2023 2	24	04	0	0	0	0	22
	2024 3	22	00	10	00	00	00	12

North Carolina	2022 1	41	13	0	0	0	0	54
	2023 2	54	01	30	0	0	0	25
	2024 3	25	01	03	00	00	00	23
Oregon	2022 1	11	10	0	0	0	0	21
	2023 2	21	01	0	0	0	0	22
	2024 3	22	00	00	00	00	00	22
Pennsylvania	2022 1	21	01	0	0	0	0	22
	2023 2	22	0	0	0	0	0	22
	2024 3	22	00	00	00	00	00	22
South Carolina	2022 1	11	0	0	0	0	0	11
	2023 2	11	0	0	0	0	10	01
	2024 3	11	00	00	00	00	01	10
Tennessee	2022 1	10	01	0	0	0	0	11
	2023 2	11	0	0	0	0	0	11
	2024 3	11	00	00	00	00	00	11
Texas	2022 1	77	01	01	0	0	0	77
	2023 2	77	20	0	0	0	0	97
	2024 3	97	12	30	00	00	00	79
Virginia	2022 1	22	0	0	0	0	0	22
	2023 2	22	0	0	0	0	0	22
	2024 3	22	00	00	00	00	00	22
Washington	2022 1	11	10	0	0	0	0	21
	2023 2	21	11	10	0	0	0	22
	2024 3	22	01	01	00	00	00	22
Totals	2022 1	3025	48	23	0	0	0	3230
	2023 2	3230	84	62	0	0	0	3432
	2024 3	3432	28	56	00	00	00	3134

Table 4
Status of Company-Owned Outlets for Fiscal Years ~~2022~~2021 to ~~2024~~2023

Column 1 State	Column 2 Year	Column 3 Outlets at the Start of	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisee	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisee	Column 8 Outlets at End of the Year
Connecticut	2022 ₁	<u>14</u>	0	0	0	0	<u>14</u>
	2023 ₂	<u>14</u>	0	0	0	0	<u>14</u>
	2024 ₃	<u>14</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>00</u>	<u>04</u>
Totals	2022 ₁	<u>14</u>	0	0	0	0	<u>14</u>
	2023 ₂	<u>14</u>	0	0	0	0	<u>14</u>
	2024 ₃	<u>14</u>	<u>00</u>	<u>00</u>	<u>10</u>	<u>00</u>	<u>04</u>

Table 5
Projected Openings as of December 31, ~~2024~~2023

Column 1 State	Column 2 Franchise Agreements Signed but Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year
Arizona	<u>00</u>	<u>04</u>	<u>00</u>
California	<u>00</u>	<u>10</u>	<u>00</u>
Georgia	<u>00</u>	<u>10</u>	<u>00</u>
Florida	<u>00</u>	<u>24</u>	<u>00</u>
Illinois	<u>00</u>	<u>14</u>	<u>00</u>
Indiana	<u>00</u>	<u>14</u>	<u>00</u>
Louisiana	<u>14</u>	<u>04</u>	<u>00</u>
Michigan	<u>00</u>	<u>00</u>	<u>00</u>
New Jersey	<u>00</u>	<u>10</u>	<u>00</u>

North Carolina	<u>00</u>	<u>14</u>	<u>00</u>
Ohio	<u>00</u>	<u>00</u>	<u>00</u>
Pennsylvania	<u>00</u>	<u>00</u>	<u>00</u>
South Carolina	<u>00</u>	<u>00</u>	<u>00</u>
Tennessee	<u>00</u>	<u>14</u>	<u>00</u>
Texas	<u>00</u>	<u>22</u>	<u>00</u>
Washington	<u>00</u>	<u>00</u>	<u>00</u>
Totals	<u>14</u>	<u>89</u>	<u>00</u>

Current Franchisees

Exhibit J contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their NerdsToGo Offices.

Former Franchisees

Exhibit J contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an NerdsToGo Office terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the fiscal year ending December 31, ~~2024~~2023, or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with NerdsToGo Office. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

Franchisee Organizations

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

Item 21
FINANCIAL STATEMENTS

The financial statements listed below are attached to this Disclosure Document as **Exhibit K**.

1. Audited consolidated balance sheets for Propelled Brands Franchising, LLC as of December 31, ~~2024~~~~2023~~, and ~~2023~~~~2022~~ and related statements of income, changes in members' equity and cash flows for the years then ended.

2. Audited consolidated balance sheets for Propelled Brands Franchising, LLC as of December 31, ~~2023~~~~2022~~, and ~~2022~~~~2021~~ and related statements of income, changes in members' equity and cash flows for the years then ended.

3. Propelled Brands Franchising, LLC absolutely and unconditionally guarantees the performance of all the obligations of ~~FASTSIGNS International, Inc.~~GTN Capital Group, LLC under any fully executed franchise agreement and related agreements referred to in this Franchise Disclosure Document (see **Exhibit K-1** to the Financial Statements).

~~4. — Propelled Brands Franchising LLC has not been in business for three years and cannot include the requisite financial statements. In the Audit Notes it states that Propelled Brands Franchising, LLC, (the "Company") Delaware limited liability company, was formed on December 28, 2021.~~

[Remainder of page left intentionally blank]

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

1. Franchise Agreement
2. Conversion Addendum
3. Co-Brand Franchise Agreement
4. Franchise Fee Acknowledgement
5. Conversion and Co-Brand Promissory Note
6. Form of General Release
7. State Addenda to Franchise Agreement

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure.

[Remainder of page left intentionally blank]

EXHIBIT A

STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

We may register this Disclosure Document in some or all the following states in accordance with the applicable state law. When we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

State	State Administrator	Agent for Service of Process (if different from State Administrator)
California	Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 866-275-2677	Department of Financial Protection and Innovation 320 West 4th Street Suite 750 Los Angeles, CA 90013-2344 866-275-2677
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62701 (217) 782-4465
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360

Michigan	Unit Office of Attorney General Consumer Protection Division Antitrust and Franchise G. Mennen Williams Bldg., 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117	Michigan Department of the Attorney General G. Mennen Williams Bldg., 1st Floor 525 W. Ottawa Street Lansing, MI 48913 (517) 373-7117
Minnesota	Minnesota Department of Commerce Franchise Division 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Commissioner of Commerce Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
New York	New York State Department of Law Investor Protection Bureau u 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	Office of Securities Commission Franchise Division State Capitol – 5th Floor 600 East Boulevard Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner State of North Dakota State Capitol – 5th Floor 600 East Boulevard Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527	Director of the Department of Business Regulation 1511 Pontiac Avenue Building 69-1 Cranston, RI 02920-4407 (401) 462-9527
South Dakota	Department of Labor and Regulation Division of Securities 124 S. Euclid, Second Floor Pierre, SD 57501 (605) 773-3563	Department of Labor and Regulation Division of Securities 124 S. Euclid, Second Floor Pierre, SD 57501 (605) 773-3563
Virginia	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
Washington	Department of Financial Institutions Securities Division 150 Israel Road SW – 3rd Floor PO Box 41200 Tumwater Olympia, WA 98501 98504-1200	Department of Financial Institutions Securities Division 150 Israel Rd SW, 3rd Floor Tumwater, WA 98501 (360) 902-8760

	(360) 902-8760	
--	----------------	--

Wisconsin	Office of the Commissioner of Securities Department of Financial Institutions 201 West Washington Ave. Madison, WI 53703 (608) 266-0448	Commissioner of Securities 201 W. Washington Ave. Madison, WI 53703 (608) 261-7577
-----------	--	---

EXHIBIT B
FRANCHISE AGREEMENT

GTN CAPITAL GROUP LLC
FRANCHISE AGREEMENT

SUMMARY PAGE

Franchisee _____

_____ **New Location Model**

_____ **Conversion Franchise Model**

_____ **Non-Owner Managed Model**

3. Location Number _____

TABLE OF CONTENTS

Section 1. DEFINITIONS	1
Section 2. GRANT OF LICENSE.....	3
2.1 GRANT	3
2.2 PROTECTED PROPERTY.....	4
2.3 FRANCHISEE CONTROL	5
2.4 GUARANTY	6
2.5 NO CONFLICT.....	6
Section 3. TERM.....	6
3.1 TERM.....	6
3.2 YOUR RIGHT TO ACQUIRE A RENEWAL FRANCHISE	6
Section 4. FEES.....	7
4.1 INITIAL FRANCHISE FEE	7
4.2 ROYALTY FEE.....	7
4.3 REDUCED ROYALTY FEE	7
4.4 TECHNOLOGY FEE.....	7
4.5 NERD ASSURE.....	8
4.6 MARKETING FUND CONTRIBUTIONS	8
4.7 REDUCED MARKETING FUND CONTRIBUTION.....	8
4.8 REPLACEMENT/ADDITIONAL TRAINING FEE.....	8
4.9 NON-COMPLIANCE FEE	8
4.10 DESIGN PLAN FEE	9
4.11 REIMBURSEMENT	9
4.12 PAYMENT TERMS	9
4.13 GOOD STANDING.....	10
4.14 DEFINITION OF GOOD STANDING.....	10
Section 5. ASSISTANCE.....	11
5.1 MANUAL	11
5.2 ASSISTANCE IN HIRING EMPLOYEES	11
5.3 ASSISTANCE IN TRAINING EMPLOYEES	11
5.4 PRE-OPENING ASSISTANCE.....	11
5.5 POST-OPENING ASSISTANCE	12
Section 6. LOCATION, DEVELOPMENT, AND OPENING	12
6.1 DETERMINING LOCATION AND TERRITORY	12

6.2 LEASE	13
6.3 DEVELOPMENT	14
6.4 NEW FRANCHISEE TRAINING	14
6.5 CONDITIONS TO OPENING.....	14
6.6 OPENING DATE	15
Section 7. OPERATIONS	15
7.1 COMPLIANCE WITH MANUAL AND SYSTEM STANDARDS	15
7.2 COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES.....	15
7.3 OFFERINGS AND SERVICES	16
7.4 PRICES	16
7.5 PERSONNEL.....	16
7.6 POST-OPENING TRAINING	16
7.7 ANNUAL CONVENTION	17
7.8 POST OPENING TRAINING.....	17
7.9 HARDWARE AND SOFTWARE	17
7.10 CUSTOMER COMPLAINTS.....	18
7.11 EVALUATION AND COMPLIANCE PROGRAMS.....	19
7.12 PAYMENT SYSTEMS.....	19
7.13 GIFT CARDS, LOYALTY PROGRAMS, AND INCENTIVE PROGRAMS	19
7.14 MAINTENANCE AND REPAIR.....	19
7.15 REMODELING	19
7.16 VEHICLES	20
7.17 INSURANCE	20
7.18 OBLIGATIONS TO THIRD PARTIES.....	20
7.19 PUBLIC RELATIONS.....	20
7.20 NO OTHER ACTIVITY ASSOCIATED WITH THE LOCATION	20
7.21 NO THIRD PARTY MANAGEMENT	21
7.22 MEETINGS.....	21
7.23 INDEPENDENT CONTRACTOR	21
Section 8. SUPPLIERS AND VENDORS	22
8.1 GENERALLY	22
8.2 ALTERNATE VENDOR APPROVAL	22
8.3 ALTERNATE INPUT APPROVAL.....	22
8.4 PURCHASING	22
8.5 NO LIABILITY OF FRANCHISOR	22

8.6 PRODUCT RECALLS	22
Section 9. MARKETING	23
9.1 APPROVAL AND IMPLEMENTATION	23
9.2 SOCIAL MEDIA	23
9.3 ADDITIONAL DIGITAL ADVERTISING	23
9.4 USE BY GTN	23
9.5 MARKETING FUND	23
9.6 REQUIRED SPENDING	25
9.7 MARKET INTRODUCTION PLAN	25
9.8 LEAD GENERATION PROGRAM	26
Section 10. RECORDS AND REPORTS	26
10.1 SYSTEMS	26
10.2 REPORTS	26
10.3 INITIAL INVESTMENT REPORT	27
10.4 BUSINESS RECORDS	27
10.5 RECORDS AUDIT	28
Section 11. FRANCHISOR RIGHTS	28
11.1 MANUAL; MODIFICATION	28
11.2 INSPECTIONS	28
11.3 GTN'S RIGHT TO CURE	29
11.4 RIGHT TO DISCONTINUE SUPPLIES UPON DEFAULT	29
11.5 DELEGATION	29
11.6 COMMUNICATION SYSTEMS	29
11.7 COMMUNICATION WITH EMPLOYEES	29
11.8 COMMUNICATIONS WITH LANDLORD AND LENDERS	29
11.9 SYSTEM VARIATIONS	30
11.10 BUSINESS DATA	30
Section 12. MARKS	30
12.1 AUTHORIZED MARKS	30
12.2 CHANGE OF MARKS	30
12.3 INFRINGEMENT	31
12.4 NAME	31
Section 13. COVENANTS	32
13.1 CONFIDENTIAL INFORMATION	32
13.2 COVENANTS NOT TO COMPETE	34

Section 14. DEFAULT AND TERMINATION	34
14.1 TERMINATION BY GTN.....	34
14.2 INTERIM REMEDIES	37
14.3 NON-COMPLIANCE FEE.....	38
14.4 EFFECT OF TERMINATION.....	38
14.5 DE-IDENTIFICATION	40
14.6 CUSTOMER MANAGEMENT TOOLS.....	40
14.7 OTHER CLAIMS	40
14.8 PURCHASE OPTION	40
Section 15. TRANSFERS.....	41
15.1 BY GTN.....	41
15.2 BY FRANCHISEE.....	41
15.3 TRANSFER FOR CONVENIENCE OF OWNERSHIP	43
15.4 TRANSFER UPON DEATH OR INCAPACITY.....	44
15.5 GTN’S RIGHT OF FIRST REFUSAL	44
15.6 NO SUBLICENSE.....	44
15.7 NO LIEN ON AGREEMENT.....	44
Section 16. INDEMNITY	44
16.1 INDEMNITY	44
Section 17. DISPUTE RESOLUTION	46
17.1 ARBITRATION.....	46
17.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.....	46
17.3 WAIVER OF CLASS ACTIONS	47
17.4 TIME LIMITATION.....	47
17.5 VENUE OTHER THAN ARBITRATION	48
17.6 LEGAL COSTS	48
Section 18. MISCELLANEOUS.....	48
18.1 NO LIABILITY FOR ACTS OF OTHER PARTIES	48
18.2 ENTIRE AGREEMENT	48
18.3 MODIFICATION.....	49
18.4 CONSENT WAIVER	49
18.5 CUMULATIVE REMEDIES.....	50
18.6 SEVERABILITY	50
18.7 GOVERNING LAW	51
18.8 NOTICES	51

18.9 HOLDOVER	52
18.10 JOINT AND SEVERAL LIABILITY	52
18.11 NO OFFER AND ACCEPTANCE	52
Section 19. COMPLIANCE WITH ANTI-TERRORISM LAWS	52
Section 20. LIMITED LIABILITY	53
Section 21. CERTIFICATION OF FRANCHISOR’S COMPLIANCE.....	53

Attachments

- Attachment A** TERRITORY OWNERSHIP INFORMATION
- Attachment B** OWNERSHIP INFORMATION
- Attachment C** KEY MANAGEMENT EMPLOYEE DESIGNATION
- Attachment D** CONFIDENTIALITY AND NON-COMPETE AGREEMENT
- Attachment E** GUARANTY AND ASSUMPTION OF OBLIGATIONS
- Attachment F** RENEWAL ADDENDUM
- Attachment G** ELECTRONIC FUNDS TRANSFER
- Attachment H** ACKNOWLEDGMENT OF UNDERSTANDING BY FRANCHISEE REGARDING
TRAINING AND JOINT EMPLOYMENT
- Attachment I** REQUIRED LEASE TERMS
- Attachment J** LEASE ACKNOWLEDGEMENT OF UNDERSTANDING
- Attachment K** TRANSFER ADDENDUM

FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”) is made between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”), and Franchisee effective as of the date signed by GTN (the “Effective Date”).

Background Statement:

A GTN and its affiliate Nerds To Go, Inc. have created and own a system (the “System”) for developing and operating as a managed service provider and a technology repair and service business under the trade name “NerdsToGo”.

B The System includes (1) methods, procedures, and standards for developing and operating a NerdsToGo Office, (2) plans, specifications, equipment, signage, and trade dress for NerdsToGo Offices, (3) products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by GTN from time to time.

C The parties desire that GTN license the Marks and the System to Franchisee to develop and operate a NerdsToGo Office on the terms and conditions of this Agreement.

Section 1. DEFINITIONS

“**Actions**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment, or appeal thereof, whether formal or informal.

“**Approved Vendors**” means a supplier, vendor, or distributor of Inputs that has been approved by GTN.

“**Competitors**” means any business offering managed service provider services computer and technology repair or service.

“**Confidential Information**” means all non-public information of or about the System, GTN, and any NerdsToGo Office, including all methods for developing and operating the NerdsToGo Office, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“Gross Sales” means the total dollar amount of all sales generated through the Franchised Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash, credit, check and debit card, barter exchange, trade credit, items of financial or non-financial benefit to Franchisee, or other credit transactions. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of used equipment not in the ordinary course of business.

“Input” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business.

“Franchised Business” means the NerdsToGo Franchised Business owned by Franchisee and operated under this Agreement.

“Losses” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of GTN’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“Manual” means GTN’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“Marketing Fund” means the fund established by GTN into which Marketing Fund Contributions are deposited.

“Marks” means the trade name and logo contained on the Summary Page, and all other trade names, Marks, service marks and logos specified by GTN from time to time for use in a NerdsToGo Office.

“NerdAssure” is GTN’s managed services offering. NerdAssure consists of a variety of integrated services including software and technology components that will proactively monitor the customers’ IT infrastructure, help detect problems and provide remote control access. Additionally, NerdAssure provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up and disaster recovery and account management support. NerdAssure provides reports on performance optimization of the customers’ systems regardless of whether the customers’ technology is premised-based, in the cloud or a combination (hybrid). The revenue generated from NerdAssure each month will be recurring revenue for the Franchisee.

“NerdsToOffice” or “NerdsToGo Offices” is all NerdsToGo Offices, Conversion Franchises and Co-Brand Franchised Businesses.

“Owner” means each person or entity which directly or indirectly owns or controls any equity

of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Professional Services Automation Software**” is GTN’s software system which Franchisee shall use to operate, record and manage all business operational activity.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Franchised Business to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, décor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new NerdsToGo Office.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which GTN requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by GTN, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days and hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and Internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the location of Franchisee’s Franchised Business, Conversion Franchise or Co-Brand Franchised Business (as applicable) as stated in **Attachment A** to this Agreement, **Territory**.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all the assets of the Franchised Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee; or (iv) control of the Franchised Business.

Section 2. GRANT OF LICENSE

2.1 GRANT. Franchisee has applied for a franchise to license and operate a NerdsToGo Office at the site identified on **Attachment A** to this Agreement, Territory. Subject to this Agreement’s terms, GTN grants Franchisee a NerdsToGo Office to operate at the Franchised Business, and to use the System in its operation, for a Term beginning on the Effective Date and expiring ten (10) years from that date, unless sooner terminated as provided herein. Franchisee may use the Franchised Business only for the NerdsToGo Office. Franchisee always agrees to perform Franchisee’s obligations faithfully, honestly, and diligently under this Agreement and to use Franchisee’s best efforts to promote the Franchised Business.

There are no restrictions in this Agreement that prevent Franchisee from soliciting business outside of Franchisee's Territory, but Franchisee does not have the right to use other channels of distribution to make sales outside of Franchisee's Territory. There are also no restrictions that prohibit Franchisor or any other franchisee from soliciting business within Franchisee's Territory. Franchisee should focus on soliciting business in Franchisee's Territory.

2.2 PROTECTED PROPERTY. After Franchisee selects an approved site and GTN designates it as the Franchised Business, GTN will designate and describe Franchisee's Territory in **Attachment A** to this Agreement. The size of the Territory shall be determined in our sole discretion. The Territory encompasses an area sufficient to include a count of a minimum of five thousand (5,000) businesses. GTN may re-determine the size of Franchisee's Territory if there is an increase of at least ten percent (15%) in the business count in the Territory and locate another NerdsToGo Office in Franchisee's former Territory. Franchisee's remaining Territory will contain at least five thousand (5,000) businesses.

(i) Exclusivity. Except as expressly limited by Subsection 2.2 above, GTN and its affiliates retain all rights with respect to NerdsToGo Offices, the Marks, the sale of similar or dissimilar products and services, and any other activities that GTN deems appropriate. Specifically, but without limitation, GTN reserves the following rights: (i) the right to operate, or franchise others to operate, similar or competitive businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(ii) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default;

(iii) serve (or authorize other franchisees to serve) a particular customer in the Territory (A) if Franchisee is not available to service the call within the time requirements we specify, (B) if the customer makes a special request which GTN elects to honor, (C) GTN determines it necessary based on the experience and skills necessary to perform the requested services, or (D) the customer is a national account or regional account customer and Franchisee is not participating in the account program for the customer.

(iv) the right to operate, or franchise others to operate, other dissimilar businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(v) the right to sell products or services anywhere that are like those sold by NerdsToGo Offices, but under trademarks or service marks other than the Marks;

(vi) the right to sell products and services anywhere that are like those sold by NerdsToGo franchisees, which products and services are sold under the Marks but through dissimilar distribution channels (including without limitation via the

general or specialty retailers, the Internet or other electronic media);

(vii) the right to sell products and services anywhere that are dissimilar from those sold by NerdsToGo Offices, but under the Marks or any other trademarks or service marks;

(ix) the right to operate, and to grant others the right to operate NerdsToGo Offices located anywhere outside the Territory;

(x) the right to acquire the assets or ownership interests of one (1) or more businesses providing products and services similar to those provided at NerdsToGo Offices, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(xi) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at NerdsToGo Offices, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

2.3 FRANCHISEE CONTROL. Franchisee represents that **Attachment B**, Ownership Information, to this Agreement, (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each Owner's interest in Franchisee. If any information on **Attachment B** to this Agreement changes (which is not a Transfer), Franchisee shall notify GTN within ten (10) days.

Franchisee agrees that the person designated as the "Principal Executive" is the executive primarily responsible for the Franchised Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least ten percent (10%) ownership interest in Franchisee. The Principal Executive must devote full-time and attention to the Franchised Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Franchised Business, Franchisee shall promptly designate a new Principal Executive subject to GTN's reasonable approval, or designate a Key Designated Employee as described below.

If Franchisee or Franchisee's Principal Executive chooses not to give their full time, best efforts and constant personal attention to the operation of the Franchised Business, Franchisee will designate, in writing, an individual (the "**Designated Manager**") who must be pre-approved by GTN, and who will be responsible for the day-to-day operations of the Franchised Business. The Designated Manager must sign the Key Management Employee Designation form attached to this Agreement as **Attachment C**. The Designated Manager will devote his or her full time, best efforts and constant personal attention to the day-to-day operations of the Franchised Business in the event Franchisee or Franchisee's Principal Executive do not participate in the

full-time operation of the Franchised Business. The Designated Manager must sign the Confidentiality and Non-Compete Agreement attached to this Agreement as **Attachment D**.

GTN may require that Franchisee's Designated Manager cease to act in such capacity if he or she does not satisfactorily complete GTN's initial and ongoing training programs. If at any time the Designated Manager is not able to continue to serve in such capacity or no longer qualifies to act as Designated Manager, Franchisee will promptly notify GTN and shall designate a replacement Designated Manager within thirty (30) days. Should a replacement be required for the Designated Manager, the replacement will be required to attend and complete training.

2.4 GUARANTY. If the Franchisee is an entity, then Franchisee shall have each Owner sign **Attachment E**, Guaranty and Assumption of Obligations to this Agreement, of Franchisee's obligations to GTN.

2.5 NO CONFLICT. Franchisee represents to GTN that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, and (ii) are not a direct or indirect Owner of any Competitor.

Section 3. TERM

3.1 TERM. This Agreement commences on the Effective Date and continues for ten (10) years ("**Term**"), unless terminated earlier in accordance with the terms of the Agreement.

3.2 YOUR RIGHT TO ACQUIRE A RENEWAL FRANCHISE.

If Franchisee meets certain conditions, then Franchisee will have the option to acquire one (1) renewal term ("**Renewal Term**"). The Renewal Term will be ten (10) years. The qualifications and conditions for the Renewal Term are described below.

When this Agreement expires:

- (i) Franchisee notifies GTN of the election to renew no more than three hundred sixty-five (365) days and no less than two hundred forty (240) days prior to the end of the Term;
- (ii) Franchisee (and its affiliates) is in compliance with this Agreement and all other agreements with GTN (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a time acceptable to GTN) renovations and changes to the Franchised Business as GTN requires to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute GTN's then-current standard form of franchise agreement, renewal addendum to this Agreement (attached to this

Agreement as **Attachment F**) and related documents (including **Attachment E** to this Agreement, Guaranty and Assumption Obligations to this Agreement), which may be materially different than this form (including, without limitation, higher and/or different fees), provided in lieu of the initial franchise fee, Franchisee will pay a renewal fee in an amount equal to no more than fifteen percent (15%) of the initial franchise fee being charged to new franchisees under the NerdsToGo System and will not receive more renewal terms than described in this Subsection; and

- (v) Franchisee and each Owner executes a general release (on GTN's then-standard form) of any claims against GTN, its affiliates, and their respective Owners, officers, directors, agents and employees.

Section 4. FEES

4.1 INITIAL FRANCHISE FEE. Upon signing this Agreement, Franchisee shall pay GTN a nonrecurring and non-refundable initial franchise fee in the amount of _____ dollars (\$_____). This initial franchise fee is due, and fully earned by GTN when Franchisee signs this Agreement.

4.2 ROYALTY FEE. Gross Sales of the Franchised Business shall be reported monthly to GTN through the Computer System by the fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to three- and one-half percent (3.5%) of Gross Sales ("**Reduced Royalty Fee**") for the first twelve (12) months that the Franchised Business is open. Beginning the thirteenth (13th) month through the end of the Term of the Agreement, Franchisee shall pay GTN a monthly royalty fee equal to the greater of one thousand dollars (\$1,000) or seven percent (7%) of Gross Sales ("**Royalty Fee**"). The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

4.3 REDUCED ROYALTY FEE. Franchisee must be in "Good Standing" (as described in Subsection below) to be eligible for the Reduced Royalty Fee described above each month during the first twelve (12) months the Franchised Business is open. If Franchisee is not in "Good Standing" at any time during this twelve (12) month period, the monthly Reduced Royalty Fee will increase to the Royalty Fee of seven percent (7%) of Gross Sales in addition to all other remedies available to GTN.

4.4 TECHNOLOGY FEE. Franchisee shall pay GTN a monthly fee which is currently two hundred fifty dollars (\$250) and as may be changed from time to time ("**Technology Fee**") due on the fifth (5th) day of the month for use of GTN's backend system known as "**NerdNet**". As of the date of this Agreement, the Technology Fee includes NerdNet, four (4) email addresses and a site license for GTN's Professional Services Automation ("**PSA**") software for up to four (4) users per site. If you choose to have more than four (4) users per site, each additional user will be at a cost of thirty-five (\$35.00) per user. GTN reserves the right to modify NerdNet and its functionality at any time, at GTN's sole discretion. GTN may increase the Technology Fee in

its reasonable discretion. GTN will provide Franchisee with one hundred eighty (180) days' prior notice of GTN's decision to increase the Technology fee. GTN may charge extra for additional email addresses and licenses.

4.5 NERDASSURE. Franchisee shall pay to GTN a fee for the NerdAssure Managed Services Remote Monitoring and Management (“**RMM**”) Software agents used directly or indirectly by the Franchisee. Currently, the fee paid to Franchisor is six dollars (\$6) (“**RMM Fee**”) per RMM agent per month depending on volume and may change from time to time. Franchisee must purchase a minimum of five (5) RMM agents. GTN reserves the right to increase the minimum required RMM agents and/or the RMM Fee. GTN will provide Franchisee with ninety (90) days' prior written notice of GTN's decision to increase the minimum required RMM agents and/or the RMM Fee. To maintain consistency and integrity of Franchisor's managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

4.6 MARKETING FUND CONTRIBUTIONS. Franchisee shall pay GTN a contribution to the Marketing Fund (the “**Marketing Fund Contribution**”). Franchisee agrees to contribute to the Marketing Fund one percent (1%) (“**Reduced Marketing Fund Contribution**”) of the Franchised Business's Gross Sales for the first twelve (12) months the Franchised Business is open, payable in the same manner as the Royalty Fee. Beginning the thirteenth (13th) month through the end of the term of the Agreement, Franchisee agrees to contribute to the full Marketing Fund Contribution of two percent (2%) of the Franchised Business's Gross Sales (“**Marketing Fund Contribution**”).

4.7 REDUCED MARKETING FUND CONTRIBUTION. Franchisee must be in “Good Standing” (as described below) with the Agreement to be eligible for the Reduced Marketing Fund Contribution described above during the first twelve (12) months the Franchised Business is open. If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Marketing Fund Contribution will increase to the Marketing Fund Contribution of two percent (2%) in addition to all other remedies available to us.

4.8 REPLACEMENT/ADDITIONAL TRAINING FEE. If Franchisee sends an employee to GTN's training program after opening, or if in GTN's judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at Franchisee's expense. Franchisee is responsible for arranging and paying the expenses for transportation, meals and lodging while attending the training program. GTN may charge its then-current training fee. As of the date of this Agreement, the training fee is six hundred dollars (\$600) per person per day.

4.9 NON-COMPLIANCE FEE. If Franchisee is in default of any provision of this Agreement and Franchisee fails to timely cure the default following GTN's notice to Franchisee, GTN may, at GTN's option, elect to charge a non-compliance fee of two percent (2%) of Franchisee's Franchised Business's Gross Sales payable to GTN in the same manner as the Royalty Fee and a non-compliance fee of a half percent (.5%) of Franchisee's Franchised

Business's Gross Sales payable to GTN in the same manner as the Marketing Fund Contribution until Franchisee cures the default. GTN will provide written notice to Franchisee prior to charging the non-compliance fee. If Franchisee is in default and paying the non-compliance fee, GTN may terminate this Agreement at any time if Franchisee fails to cure the default. The non-compliance fee is in addition to all GTN's other rights and remedies (including default and termination under Subsection 14.1).

4.10 DESIGN PLAN FEE. Before Franchisee opens the Franchised Business, Franchisee must pay GTN a non-refundable fee of ~~one thousand five hundred~~ five hundred dollars (\$~~1,000~~500) for a preliminary space plan drawing for the Franchised Business. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the state or municipality, and the plans are not sealed by an architect.

4.11 REIMBURSEMENT. GTN may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If GTN does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to GTN within fifteen (15) days after invoice by GTN accompanied by reasonable documentation.

4.12 PAYMENT TERMS.

(a) Method of Payment. Before the Franchised Business opens, Franchisee agrees to sign and deliver to GTN the documents GTN requires (including **Attachment G**, Authorization For Electronic Funds Transfer Form attached to this Agreement) to authorize GTN to debit Franchisee's checking account for the Franchised Business automatically for the Royalty Fee, Nerd Net Fee, Marketing Fund Contribution, Technology Fee, and any other amounts due under this Agreement and for Franchisee's purchases from GTN, and GTN's affiliates (the "**Electronic Funds Transfer Account**" or "**EFTA**"). GTN will debit the EFTA for these amounts on their due dates. Franchisee agrees to ensure that funds are available in the EFTA to cover GTN's withdrawals.

(b) Calculation of Fees. Gross Sales of the Franchised Business shall be reported monthly to GTN through the Franchised Business Computer System by the fifth (5th) day of the following month. If Franchisee fails to report monthly Gross Sales on-time, then a) GTN may charge two hundred fifty dollars (\$250) per week until the report is made, and b) GTN may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to greater of (i) one thousand dollars (\$1,000) or (ii) one hundred twenty-five percent (125%) of the last Gross Sales reported to GTN, and the parties will true-up the actual fees after Franchisee reports Gross Sales unless the Computer System allows GTN to pull the monthly reports electronically. Franchisee acknowledges that GTN has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on-time, Franchisee shall pay a two hundred fifty dollars (\$250) "late fee". All amounts which Franchisee owes GTN for any reason, will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate

the law allows, whichever is less. GTN may debit Franchisee's bank account for the Franchised Business automatically for late fees and interest. Franchisee acknowledges that this Subsection is not GTN's agreement to accept any payments after they are due or GTN's commitment to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business.

(d) Insufficient Funds. If there are insufficient funds in the EFTA to cover any such amount owed (or, if Franchisee is paying by check and a check is returned for insufficient funds), Franchisee stops payment on the EFTA (or check), closes the EFTA, or requests GTN not to process the EFTA GTN will charge Franchisee a processing fee as prescribed in the Manual per withdrawal or amount to compensate GTN for GTN's additional administrative expenses. This amount is currently one hundred dollars (\$100) but is subject to change. GTN may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check) whenever GTN deems appropriate, and Franchisee agrees to comply with GTN's payment instructions.

(e) Costs of Collection. Franchisee shall repay any costs incurred by GTN (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. GTN may apply any payment received from Franchisee to any obligation and in any order as GTN may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to GTN any fees or amounts described in this Agreement are not dependent on GTN's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

4.13 GOOD STANDING. Franchisee must be in "Good Standing" (as described below) with the Agreement to be eligible for the Reduced Royalty Fee and the Reduced Marketing Fund Contribution for the first twelve (12) months the Franchised Business is open for business (as described above). If Franchisee is not in "Good Standing" at any time during this twelve (12) month period, the monthly Reduced Royalty Fee and the Reduced Marketing Fund Contribution will increase to the full Royalty Fee and Marketing Fund Contribution (described above).

4.14 DEFINITION OF GOOD STANDING. The term "**Good Standing**" means that Franchisee does not owe any Royalty Fees, Marketing Fund Contributions, Technology Fees, or any other monetary obligations to GTN more than thirty (30) days and Franchisee is following all of Franchisee's other obligations under the Agreement and any other agreement with GTN, including timely reporting of Gross Sales. Franchisee is not in "Good Standing" if Franchisee makes partial payments to GTN, but still has amounts outstanding in excess of thirty (30) days.

Section 5. ASSISTANCE

5.1 MANUAL. GTN shall make its Manual available to Franchisee in electronic format.

5.2 ASSISTANCE IN HIRING EMPLOYEES. GTN shall provide its minimum staffing levels to Franchisee. GTN shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 ASSISTANCE IN TRAINING EMPLOYEES. GTN shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 PRE-OPENING ASSISTANCE.

(a) Selecting a Site. GTN shall provide its site selection criteria for NerdsToGo Offices to Franchisee. GTN will review and advise Franchisee regarding potential sites submitted by Franchisee. The site review conducted by GTN may be done remote or on-site.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period after the Effective Date, GTN shall provide Franchisee with (i) GTN's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as GTN deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) GTN's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, GTN shall review and advise Franchisee on Franchisee's pre-opening business plan and financial projections. Franchisee acknowledges that GTN accepts no responsibility for the performance of the Franchised Business.

(d) Pre-Opening Training. GTN shall make available its standard pre-opening training to the Principal Executive and up to three other employees, which is held virtually and at GTN's headquarters and at a NerdsToGo Office designated by GTN. GTN shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. GTN reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program. GTN reserves the right to convert certain content or all the content of the traditional classroom training to live instructor led virtual training. The pre-opening training is to protect and maintain the System Standards (defined) below and the Marks are not to control the day-to-day operation of Franchisee's Franchised Business. Franchisee, Franchisee's Principal Executive, and Owners agree to sign **Attachment H**, Acknowledgment of Understanding by Franchisee Regarding Training and Joint Employment to this Agreement to acknowledge this.

(e) Market Introduction Plan. GTN shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

5.5 POST-OPENING ASSISTANCE.

(a) Advice, Consulting, and Support. If Franchisee requests, GTN will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's Franchised Business, and resolving operating problems Franchisee encounters, to the extent GTN deems reasonable. If GTN provides in-person support in response to Franchisee's request, GTN may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing on-site support).

(b) Pricing. Upon request, GTN will assist in establishing prices for products and services offered by franchisees of the NerdsToGo System.

(c) Procedures. GTN will provide Franchisee with GTN's recommended administrative, bookkeeping, accounting, and inventory control procedures. GTN may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. GTN shall manage the Marketing Fund.

(e) Internet. GTN shall maintain a website for NerdsToGo, which will include Franchisee's Franchised Business (or Territory).

Section 6. LOCATION, DEVELOPMENT, AND OPENING

6.1 DETERMINING LOCATION AND TERRITORY. Franchisee agrees to obtain GTN's written approval of the Franchised Business's proposed site before signing any lease, sublease, or other document for the site. GTN will use reasonable efforts to help analyze Franchisee's market area, to help determine site feasibility, and to assist in designating the site, although GTN will not conduct site selection activities for Franchisee. GTN will not unreasonably withhold GTN's approval of a site that meets GTN's criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from, proximity to, and nature of other businesses; other commercial characteristics including lease economics; visibility and the proposed site's size, appearance, and other physical characteristics.

We may select a local broker to assist you in locating a suitable site for your Franchised Business. If you would prefer to select your own broker, we reserve the right to approve or reject your selected broker at our discretion. At GTN's discretion, GTN will select a local broker to assist Franchisee in locating potential sites that satisfy GTN's criteria. Franchisee agrees to send GTN a description of the proposed sites within twelve (12) weeks after the Effective Date of this Agreement, including a summary of the items listed above or other evidence confirming Franchisee's favorable prospects for obtaining each of the proposed sites. Upon GTN's approval of a site, and after Franchisee secures the site, GTN will insert its address into Territory, **Attachment A** to this Agreement and it will be the Franchised Business. Franchisee may operate the Franchised Business only at the designated site.

Once Franchisee has an executed letter of intent for the contract of sale or lease,

Franchisee must obtain a site survey for accurate dimensions and conditions of the Franchised

Business premises to provide to GTN for approval. The site survey can be provided to GTN by Franchisee, a third-party site survey company, or the landlord. The landlord site survey must be provided in a CAD file that is field verified to confirm “as built” conditions. Any lease for the premises must include Franchisor’s Required Lease Terms attached to this Agreement as **Attachment I** containing substantially the terms and provisions listed into the franchise agreement (unless we agree otherwise in writing)

Franchisee acknowledges and agrees that, if GTN recommends or gives Franchisee information regarding a site for the Franchised Business, that it is not a representation or warranty of any kind, express or implied, of the Franchised Business’s success for a NerdsToGo Office or any other purpose. GTN’s recommendation indicates only that GTN believes that the site meets GTN’s then acceptable criteria.

6.2 LEASE. Franchisee must sign a lease or sublease for the Premises (the “Lease”) within sixteen (16) weeks after the Effective Date of this Agreement. GTN has the right to approve the terms of the Lease before Franchisee signs it. The Lease must be in a form acceptable to GTN and must contain certain required terms and provisions (although GTN will not directly negotiate Franchisee’s Lease or provide legal advice regarding Franchisee’s Lease), including, but not limited to those listed “Franchisor’s Required Lease Terms” to the lease in the form required by GTN. Franchisee must sign the Lease Acknowledgement of Understanding acknowledging that GTN does not provide legal advice regarding new location leases, lease renewals or lease amendments as stated in **Attachment J**, Lease Acknowledgment of Understanding, to this Agreement. GTN recommends that Franchisee’s personal attorney reviews the lease agreement.

Franchisee acknowledges that GTN’s approval of the Lease is not a guarantee or warranty, express or implied, of the success or profitability of a NerdsToGo franchise operated at the Franchised Business. GTN’s approval indicates only that GTN believes that the site and the Lease’s terms meet GTN’s then acceptable criteria. Franchisee must deliver to GTN a signed copy of the Lease within ten (10) days after its execution.

If the Lease expires or is terminated without Franchisee’s fault, or if the site for the Franchised Business is destroyed, condemned, or otherwise rendered unusable, GTN will allow Franchisee to relocate the Franchised Business to a new site acceptable to GTN. Any relocation will be at Franchisee’s sole expense, and GTN may charge Franchisee for the reasonable costs GTN incurs, plus a reasonable fee (as outlined in the Manual) for GTN’s services, in connection with any relocation of the Franchised Business. Any relocation will be subject to the provisions of this Subsection 6.2. A relocation site address must be presented to GTN for review and approval. Approval must be provided in writing before the Franchisee signs any binding documents or begins to move the Franchised Business. GTN must also approve any Letter of Intent (LOI) and Lease before you execute the documents. The Lease should incorporate GTN’s Required Lease Terms, included as Attachment I to the Franchise Agreement for your reference.

Franchisee is not permitted to operate the Franchised Business under a month-to-month lease without GTN’s prior written approval. If Franchisee is purchasing the site for the Franchised Business, Franchisee must submit the contract of sale to GTN for approval prior to

Franchisee signing it and Franchisee must deliver to GTN a signed copy of the contract of sale within ten (10) days after execution. If you plan to purchase the building for an Approved Relocation, then the Landlord entity that owns the building must be a separate entity from the franchisee entity. GTN must approve the lease that you use in connection with the Franchised Business and the lease must include GTN's Required Lease Terms attached to the Franchise Agreement as Attachment I.

6.3 DEVELOPMENT. Franchisee shall construct (or Remodel) and finish the Franchised Business in conformity with GTN’s System Standards (including all System Standards for store layout and design). GTN will provide Franchisee with a preliminary space plan in exchange for the Design Fee, which will include a rendering that shows the Franchised Business of walls, millwork, nerd lab, paint colors and Franchisee’s office. These drawings do not provide electrical, plumbing; mechanical engineering services or Title 24 or legal matters (including without limitation the Americans with Disabilities Act), plans are not sealed by an architect nor can be used for permitting purposes. If permits are required, Franchisee must engage a local architect or general contractor. Franchisee shall not begin any construction or remodeling work without first obtaining GTN’s approval of Franchisee’s plans. GTN may, but is not required to, inspect Franchisee’s construction or remodeling progress at any reasonable time. GTN’s inspection and/or approval to open the Franchised Business are not a representation or a warranty that the Franchised Business has been constructed in accordance with any architectural, engineering, or legal standards.

6.4 NEW FRANCHISEE TRAINING. Franchisee’s Principal Executive and Designated Manager (if applicable) must complete GTN’s training program for new franchisees to GTN’s satisfaction at least four (4) weeks before opening the Franchised Business. GTN recommends that the technology specialist (“Technology Specialist”) attend training.

6.5 CONDITIONS TO OPENING.

Franchisee agrees not to open the Franchised Business until:

GTN notifies Franchisee in writing that the Franchised Business meets GTN’s standards and specifications (although GTN’s acceptance is not a representation or warranty, express or implied, that the Franchised Business complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord’s, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of GTN’s right to require continuing compliance with GTN requirements, standards, or policies);

- 1) Franchisee’s required attendees satisfactorily complete training after you pay your Initial Marketing Introduction Plan, as described in Subsection 6.4 and 9.7 of this Agreement;
- 2) Franchisee pays the initial franchise fee and other amounts then due to GTN;
- 3) Franchisee provides a voided check and an electronic funds transfer authorization form to GTN;
- 4) Franchisee pays for the equipment, furniture, and fixtures package then due to GTN; and
- 5) Franchisee gives GTN certificates for all required insurance policies name GTN as additional insured.

Subject to Franchisee's compliance with these conditions, Franchisee agrees to open the Franchised Business within one (1) year after the Effective Date. Franchisee agrees to operate and supervise the Franchised Business and devote Franchisee's full-time, best efforts and constant personal attention to the day-to-day operations of the Franchised Business.

If Franchisee fails to sign a Lease for the Franchised Business within one sixteen (16) weeks after the Effective Date or if Franchisee fails to open the Franchised Business within one (1) year after the Effective Date, GTN has the right to terminate this Agreement (see Subsection 14.1).

6.6 OPENING DATE. Franchisee shall open the Franchised Business to the public within one (1) year from the Effective Date.

Section 7. OPERATIONS

7.1 COMPLIANCE WITH MANUAL AND SYSTEM STANDARDS. Franchisee shall always and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES. Franchisee will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to wage and hour laws, the Equal Employment Opportunity Commission, the National Labor Relations Act, the Fair Labor Standards Act, Family and Medical Leave Act, occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Franchisee is solely responsible for the safety and well-being of Franchisee's employees and the customers of the Franchised Business. It is Franchisee's responsibility to make sure that Franchisee follows all laws that apply to the Franchised Business's management system or other technology used in the operation of the Franchised Business, including data protection or security laws as well as PCI compliance. All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. The Franchised Business must, in all dealings with its customers, suppliers, GTN and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practices which may be injurious to GTN's business, and the goodwill associated with the Marks and other NerdsToGo Offices. Franchisee must notify GTN in writing within five (5) days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect Franchisee's operation or financial condition or that of the Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Franchised Business.

7.3 OFFERINGS AND SERVICES. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by GTN in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that GTN may require. Franchisee shall perform all services in the manner prescribed by GTN. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

7.4 PRICES. GTN may require Franchisee to offer products and services at specific prices determined by GTN if GTN is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

7.5 PERSONNEL.

(a) Management. The Franchised Business must always be under the on-site supervision of the Principal Executive or a Designated Manager who has completed GTN's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards outlined in the Manual.

(d) Qualifications. GTN may set minimum qualifications for categories of employees employed by Franchisee to ensure consistency and compliance with System Standards.

(e) Background Checks. Franchisee must obtain background checks on all employees as further described in applicable System Standards.

(f) Drivers. Franchisee shall ensure that any employee who drives a vehicle for the Franchised Business is properly licensed and meets all System Standards applicable to drivers.

(g) Staffing. Franchisee, shall at a minimum, staff the Franchised Business as follows:

(i) Owner. Must have one (1) Owner engaged full-time in management, operations, and sales/business development;

(ii) Technology Expert. May have one (1) person (other than an Owner) as a full-time Technology Expert; and

7.6 POST-OPENING TRAINING. GTN may require that the Principal Executive attend and complete satisfactorily various training courses that GTN periodically chooses to

provide at the times and locations GTN designates. At Franchisee's option and expense, Franchisee may send previously trained and experienced employees to these training courses. GTN may charge reasonable registration fees for these courses to defray costs.

7.7 ANNUAL CONVENTION. GTN may, as it deems necessary in its sole discretion, hold an annual convention at a location to be selected by GTN (“**Annual Convention**”). GTN shall (i) attend the Annual Convention held each year; (ii) pay GTN'S then-current registration fee for attendance; and (iii) determine the topics and agenda for such Annual Convention to serve the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and GTN's personnel regarding Franchised Business operations and programs, and recognizing franchisees for their achievements.

Franchisee will pay a “Convention Non-Attendance Fee” currently of one thousand dollars (\$1,000) if Franchisee does not attend the Annual Convention. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Convention, and lodging, meals, and salaries during the Annual Convention, are Franchisee's sole responsibility.

7.8 POST-OPENING TRAINING. Franchisee agrees to pay all registration fees, charges, and costs to attend. In addition, Franchisee agrees to pay all travel and living expenses that Franchisee and Franchisee's employees incur during all training courses and programs.

Franchisee understands and agrees that any specific ongoing training or guidance GTN provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all which GTN may discontinue and modify from time to time.

7.9 HARDWARE AND SOFTWARE. Without limiting the generality of Subsection 7.1 or Subsection 8.1, Franchisee shall obtain and use computer hardware and operating software GTN specifies from time to time (the “Computer System”). Franchisee shall enter into any subscription and support agreements that GTN may require. Franchisor may modify specifications for components of the Computer System. Franchisee also agrees to use the email system and address GTN specifies. GTN may modify specifications for and components of the Computer System. GTN's modification of specifications for the Computer System and/or other technological developments or events might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and obtain service and support for the Computer System. Although GTN cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining Term, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. GTN has no obligation to reimburse you for any Computer System costs. Within ninety (90) days after Franchisee receives notice from GTN, Franchisee agrees to obtain the Computer System components that GTN designates and to ensure that Franchisee's

Computer System, as modified, is functioning correctly.

Even though Franchisee agrees to buy, use, and maintain the Computer System according to GTN's standards and specifications, Franchisee will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) how Franchisee's Computer System interfaces with GTN's and any third party's computer system; (3) any consequences if the Computer System is not properly operated, maintained, and upgraded; and (iv) protect the confidentiality and security of the Computer System and abide by any System Standards related to it.

Franchisee shall give GTN unlimited read access to Franchisee's point-of-sale system and other software systems used in the Franchised Business by any means designated by GTN.

Franchisee understands and agrees Franchisee shall operate, record, and manage all operational business activity through the PSA software. The monthly fee for the PSA software is currently included in the Technology Fee payable to GTN. Franchisee must utilize the PSA software for, among other things, the management of NerdAssure, scheduling of all sales appointments, customer service and repair history, and technician scheduling. In addition, Franchisee must purchase and maintain additional general third-party software licenses, such as QuickBooks. These specific licenses may change from time to time as the vendors upgrade/modify their software. GTN does not make any warranties or guaranties upon which Franchisee may rely and assumes no liability or obligation to Franchisee for any third-party software.

To maintain the consistency and the integrity of GTN's managed services solution, NerdAssure, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

GTN's managed services solution, NerdAssure, consists of integrated services including technology that proactively monitors the customers' IT infrastructure, helps detect problems, and provides remote control access. Additionally, it provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up disaster recovery and account management support. NerdAssure provides reports on performance optimization of customers' systems regardless of whether the customers' technology is premised-based, in the cloud or a combination (hybrid). Franchisee may charge any price for NerdAssure managed services, but Franchisee must use GTN's form of Contract and Terms and Conditions. Franchisee may modify GTN's Contract or Terms and Conditions or create its own contract or own terms and conditions, with prior written approval from GTN.

7.10 CUSTOMER COMPLAINTS. Franchisee shall use its best efforts to promptly resolve any customer complaints. GTN may take any action it deems appropriate to resolve a customer complaint regarding the Franchised Business, and GTN may require Franchisee to reimburse GTN for any expenses.

7.11 EVALUATION AND COMPLIANCE PROGRAMS. Franchisee shall participate at its own expense in programs required from time to time by GTN for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. GTN shall share with Franchisee the results of these programs, as they pertain to the Franchised Business. Franchisee must meet or exceed any minimum score requirements set by GTN for such programs. GTN may set minimum scores that Franchisee must receive from the public on Internet review sites (such as Yelp or Google).

7.12 PAYMENT SYSTEMS. Franchisee shall accept payment from customers in any form or manner designated by GTN (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter all business relationships necessary to accept payments as required by GTN. Franchisee must always comply with payment card industry data security standards (PCI-DSS).

7.13 GIFT CARDS, LOYALTY PROGRAMS, AND INCENTIVE PROGRAMS. At Franchisee's expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by GTN, in the manner specified by GTN in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another NerdsToGo Office. Franchisee shall comply with all procedures and specifications of GTN related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

7.14 MAINTENANCE AND REPAIR. Franchisee shall always keep the Franchised Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Franchised Business as GTN may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.15 REMODELING. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, if the Franchised Business is a Local Service Center Model, GTN may require Franchisee to undertake and complete a remodel of the Franchised Business to GTN's satisfaction. Franchisee must complete the remodel in the time frame specified by GTN. GTN may require the Franchisee to submit plans for GTN's reasonable approval prior to commencing a required remodel. GTN's right to require a remodel is limited as follows: (i) the remodel will not be required in the first two (2) or last two (2) years of the

Term (except that a remodel may be required as a condition to renewal of the Term or a Transfer), and (ii) a remodel will not be required more than once every five (5) years from the date on which Franchisee was required to complete the prior remodel.

7.16 VEHICLES. Franchisee shall purchase or lease at least the number of vehicles specified by GTN. Franchisee shall ensure that all vehicles operated by the Franchised Business comply with System Standards for vehicle graphics and décor, required equipment, and any other System Standards of GTN. Franchisee shall keep all vehicles in excellent or better repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the NerdsToGo System.

7.17 INSURANCE. During the Term of this Agreement Franchisee must maintain in force at Franchisee's sole expense comprehensive public liability, professional liability, general liability, product liability and motor vehicle liability, employee practices liability, cyber security liability and insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Franchised Business's operation, all containing the minimum liability coverage GTN prescribes from time to time. GTN may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name GTN and any affiliates GTN designates as additional named insureds (as permitted by applicable law) and provide for thirty (30) days' prior written notice to GTN of a policy's material modification, cancellation, or expiration. Franchisee must, on an annual basis, furnish GTN copies of Franchisee's Certificate of Insurance or other evidence of Franchisee maintaining this insurance coverage and paying premiums, and provide GTN with any carrier or coverage changes within ten (10) days of the occurrence. If Franchisee fails or refuses to obtain and maintain the insurance GTN specifies, in addition to GTN's other remedies, GTN may (but need not) obtain such insurance for Franchisee and the Business on Franchisee's behalf, in which event Franchisee shall cooperate with GTN and reimburse GTN for all premiums, costs and expenses GTN incurs in obtaining and maintaining the insurance, plus a reasonable fee for GTN's time incurred in obtaining such insurance.

7.18 OBLIGATIONS TO THIRD PARTIES. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Franchised Business, Franchisee shall comply with its lease for the Franchised Business and make all rent payments when due.

7.19 PUBLIC RELATIONS. Franchisee may speak on behalf of Franchisee's Franchised Business to the media, but Franchisee must obtain pre-approval to speak to the media on GTN's behalf.

7.20 NO OTHER ACTIVITY ASSOCIATED WITH THE LOCATION. Franchisee shall not engage in any business or other activity at the Franchised Business other than

operation of the NerdsToGo Office. Franchisee shall not “co-brand” or associate any other business activity with the Franchised Business. Franchisee shall not use assets of the Franchised Business for any purpose other than the operation of the Franchised Business. If Franchisee is an entity, the entity shall not own or operate any other business except NerdsToGo Offices.

7.21 NO THIRD-PARTY MANAGEMENT. Franchisee shall not engage a third party management company to manage or operate the Franchised Business without the prior written approval of GTN, which will not be unreasonably withheld.

7.22 MEETINGS. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that GTN requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.23 INDEPENDENT CONTRACTOR. Franchisee and GTN understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and GTN, that Franchisee and GTN are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or GTN a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel, and others as the Franchised Business’s franchisee under a franchise license GTN has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials GTN requires from time to time.

None of Franchisee’s employees or other personnel will be GTN’s employees, agents, or personnel. Neither Franchisee nor any of Franchisee’s employees, agents or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, and to be construed to be GTN’s employee, agent, or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied, or fixed by any city, state, provincial, or federal governmental agency. GTN will not have the power to hire or fire Franchisee’s employees or personnel. Franchisee agrees that GTN’s authority under this Agreement to affirm certain of Franchisee’s employees or personnel for qualification to perform certain functions for the Franchised Business does not directly or indirectly vest in GTN the power to hire, fire or control any such employee. Franchisee shall always comply with all employment laws. GTN will not have any duty or obligation to operate the Franchised Business, to direct or supervise Franchisee’s employees or to oversee Franchisee’s employment policies or practices. Franchisee will post a notice at Franchisee’s Franchised Business notifying all its employees that they are Franchisee’s employees and not GTN’s employees in the manner prescribed by GTN. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities, and elements of the Franchised Business and that under no circumstances shall GTN do so or be deemed to do so. Franchisee further acknowledges and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which GTN is required to comply with under this Agreement, whether set forth in the Manual or otherwise,

do not directly or indirectly constitute, suggest, infer or imply that GTN controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Franchised Business. See **Attachment H** to this Agreement, Acknowledgment of Understanding by Franchisee Regarding Training and Joint Employment.

Section 8. SUPPLIERS AND VENDORS

8.1 GENERALLY. Franchisee shall acquire all Inputs required by GTN from time to time in accordance with System Standards. GTN may require Franchisee to purchase or lease any Inputs from GTN, GTN's designee, Required Vendors, Approved Vendors, and/or under GTN's specifications. GTN may change any such requirement or change the status of any vendor. To make such a requirement or change effective, GTN shall issue the appropriate System Standards.

8.2 ALTERNATE VENDOR APPROVAL. If GTN requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, and then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN may condition its approval on such criteria as GTN deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within ninety (90) days after receipt of Franchisee's request.

8.3 ALTERNATE INPUT APPROVAL. If GTN requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within ninety (90) days after receipt of Franchisee's request.

8.4 PURCHASING. GTN may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. GTN may receive rebates or payments from vendors in connection with purchases by franchisees.

8.5 NO LIABILITY OF FRANCHISOR. GTN shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 PRODUCT RECALLS. If GTN or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Franchised Business issues a recall of such item or otherwise

notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from GTN or the vendor, supplier, or manufacturer of such item with respect the recall, repair, or other remedy of such item.

Section 9. MARKETING

9.1 APPROVAL AND IMPLEMENTATION. Franchisee shall not conduct any marketing, advertising, promotions, or public relations activities (including in-location marketing materials, websites, on-line advertising, social media marketing or presence and sponsorships) that have not been approved by GTN. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations. Franchisee shall implement any marketing plans or campaigns determined by GTN.

9.2 SOCIAL MEDIA. Franchisee may engage in social (“**Social Media**”) that references (expressly or by implication) the Marks or the Franchised Business only if GTN approves, only in accordance with the standards that GTN periodically specifies and within Franchisee’s Territory. GTN’s Social Media policy is described in further detail in the Manual. On any NerdsToGo social media sites, GTN must be co-administrator of Franchisee’s account.

9.3 ADDITIONAL DIGITAL ADVERTISING. Franchisee must use GTN’s approved provider for website management, and all digital media including but not limited to search engine optimization (SEO), Pay-Per-Click (PPC), search engine marketing (SEM) and paid social media advertising. Additional digital advertising and all digital marketing activities (SEO, PPC, SEM, social media, and other digital approved services) can be purchased from our approved provider.

9.4 USE BY GTN. GTN may use any marketing materials or campaigns developed by or on behalf of Franchisee and Franchisee hereby grant an unlimited, perpetual, royalty-free license to GTN for such purpose.

9.5 MARKETING FUND. Recognizing the value of advertising and marketing to the goodwill and public image of NerdsToGo Offices, GTN has established a Marketing Fund for the advertising, marketing, promotional and public relations programs, and materials GTN deems appropriate (the “**Marketing Fund**”). Franchisee agrees to contribute to the MarketingFund two percent (2%) of the Franchised Business’s Gross Sales from the opening date of the Franchised Business, payable in the same manner as the Royalty Fee, through the end of the Term of the Agreement. The Marketing Fund is currently administered by GTN.

GTN has the right to collect for deposit into the Marketing Fund any advertising, marketing, promotional or similar allowances paid to GTN by suppliers who deal with NerdsToGo Offices and with whom GTN has agreed that GTN will deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which GTN and our affiliates, therefore, may

use for any purposes we and they deem appropriate.

GTN will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, testing, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund is used to pay all costs for the formulation, planning, research, testing, development, production, management, and execution of all marketing, advertising, promotional, merchandising, sales, web, public relations, and social media activities and brand-related employer of choice advertising used to promote and protect the NerdsToGo brand. This may include, but is not limited to, executing marketing research, preparing and producing television, video, audio, radio, magazine, newspaper, outdoor, print, promotions, email, e-newsletter, customer loyalty and satisfaction support, social media, web marketing, website development, website hosting, search engine optimization, digital advertising, virtual sales assistant customer prospecting email campaigns, Internet banner, and other digital advertising, SMS text marketing programs, direct mail, outdoor activities, telephone prospecting, trade shows, sponsorships, sales collateral material, public relations activities, sales development, sales training, and all other lead generating and sales building activities. The Marketing Fund is used for these activities whether through an outside agency or if these functions are executed and developed by our marketing staff.

The Marketing Fund periodically may give Franchisee samples of advertising, marketing, and promotional formats and materials at no cost.

GTN will account for the Marketing Fund separately from GTN's other funds and not use the Marketing Fund for any of GTN's general operating expenses. However, GTN uses the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that GTN incurs in activities reasonably related to administering or directing the Marketing Fund and its programs, including, without limitation, conducting market research, public relations activities and social media, preparing advertising, promotion, marketing materials, sales collateral materials, teaching franchisees how to implement local marketing and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund will not be GTN's asset. Although the Marketing Fund is not a trust, GTN will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in this Subsection. Neither GTN owes any fiduciary obligation to Franchisee for administering the Marketing Fund or any other reason.

The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from GTN or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. GTN will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

GTN will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give Franchisee the statement upon written request. GTN may have the Marketing

Fund audited, at the Marketing Fund's expense, by an independent certified public accountant. GTN may incorporate the Marketing Fund or operate it through a separate entity whenever GTN deems appropriate. The renewal entity will have all the rights and duties specified in this Subsection.

GTN intends the Marketing Fund to maximize recognition of the Marks, patronage of NerdsToGo Offices. Although GTN will try to use the Marketing Fund to develop advertising, marketing, promotional, and sales materials and programs that will benefit all NerdsToGo Offices, neither GTN ensures that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by NerdsToGo Offices operating in that geographic area or that any NerdsToGo Office benefits directly or in proportion to its Marketing Fund Contribution from the development of materials or the placement of advertising, marketing, promotions or sale-related programs.

GTN has the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. GTN also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Subsection, neither GTN assumes any direct or indirect liability nor obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

9.6 REQUIRED SPENDING. After Franchisee's marketing introduction funds are depleted (four (4) to six (6) months), Franchisee shall spend at least five percent (5%) of Gross Sales (two percent (2%) paid to the Marketing Fund and three percent (3%) on local marketing) each month on local advertising and promotion of the Franchised Business. Upon request of GTN, Franchisee shall furnish proof of its compliance with this Subsection. GTN has the sole discretion to determine what activities constitute "marketing" under this Subsection.

9.7 MARKET INTRODUCTION PLAN. Before Franchisee registers for initial training, Franchisee must pay Eleven Thousand dollars (\$11,000) for initial advertising for Franchised Business to GTN. This will be administered by GTN's marketing department. GTN will create a marketing and advertising plan for the Franchised Business and will allocate Franchisee's required initial marketing and advertising pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for four (4) to six (6) months. The programs in the initial marketing and advertising plan may include direct mail marketing, local digital advertising including Pay-Per-Click advertising, virtual sales assistant customer prospecting email campaigns and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's initial marketing and advertising plan. Marketing programs are evaluated for effectiveness and GTN may make changes to the tactics to optimize the initial marketing and advertising plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be discussed for inclusion in the pre-paid portion of the marketing plan. The marketing plan will also include recommended programs and spending that Franchisee can choose to implement or not or modify as desired beyond the pre-paid fund amount. These recommended programs and their associated

costs are not included in the initial advertising costs of Eleven Thousand Hundred Dollars (\$11,000) payable to GTN. The monthly website fee of two hundred fifty (\$250) is not included in the pre-paid portion of the marketing plan. Franchisee agrees to comply with GTN's guidelines for this initial marketing and advertising plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Franchised Business's operation.

Upon expiration of the pre-paid marketing dollars referenced above for local digital advertising, Franchisee is required to continue local digital advertising using and paying GTN's designated agency to direct web traffic to Franchised Business during its business hours.

If Franchisee chooses to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing dollars referenced above, Franchisee must use and pay GTN's designated vendor.

9.8 LEAD GENERATION PROGRAM. Franchisee must participate in the Lead Generation Program for six (6) months for a monthly fee of Two Thousand Six Hundred Fifty Dollars (\$2,650). The Lead Generation Program will begin thirty (30) days after Franchisee completes initial training. The Lead Generation Program is designed to identify, engage, and qualify potential leads for Franchisee's Franchised Business. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program focus is nurturing relationships and setting appointments with clients who have been qualified to need the services of the Franchised Business. The Lead Generation Program allows Franchisee's Franchised Business to drive early growth through proactive lead generation strategies. Franchisee must use and pay our designated vendor.

Section 10. RECORDS AND REPORTS

10.1 SYSTEMS. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as GTN may specify in the Manual or otherwise in writing.

10.2 REPORTS.

(a) Sales. Franchisee shall regularly record and report to GTN all monthly Gross Sales by the fifth (5th) day of the following month unless the current Computer System allows GTN to pull your Gross Sales electronically.

(b) Financial Reports. Franchisee shall provide such periodic financial reports as GTN may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Franchised Business within thirty (30) days after the calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash

flow statement, and balance sheet) for the Franchised Business within sixty (60) days after the end of GTN's calendar year;

- (iii) any information GTN requests to prepare a financial performance representation for GTN's Franchise Disclosure Document;
- (iv) within sixty (60) days after filing, a copy of Franchisee's federal tax return or amended return; and
- (v) within ten (10) days after GTN's request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information GTN periodically requires relating to the Franchised Business.

(c) Legal Actions and Investigations. Franchisee shall notify GTN within then (10) days of receipt of notice of any action or threatened action by any customer, governmental authority, or other third party against Franchisee or the Franchised Business, or otherwise involving the Franchisee or the Franchised Business. Franchisee shall provide such documents and information related to any such action as GTN may request.

(d) Government Inspections. Franchisee shall give GTN copies of all inspection reports, budgets, forecasts, warnings, certificates, and ratings issued by any governmental entity with respect to the Franchised Business, within three (3) days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to GTN such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Franchised Business as specified in the Manual or that GTN may reasonably request.

10.3 INITIAL INVESTMENT REPORT. Within one hundred twenty (120) days after opening the Franchised Business for business, Franchisee shall submit to GTN a report detailing Franchisee's investment costs to develop and open the Franchised Business, with costs allocated to the categories described in Item 7 of GTN's Franchise Disclosure Document and with such other information as GTN may request.

10.4 BUSINESS RECORDS. Franchisee agrees to prepare all financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") using GTN's recommended chart of accounts using the accrual basis of accounting and to verify and sign each report and financial statement in the manner GTN prescribe. GTN may disclose data derived from these reports, although GTN will not without Franchisee's consent (unless required by law) disclose Franchisee's identity in any materials that GTN circulates publicly. Moreover, GTN may, as often as GTN deems appropriate (including daily), access the Computer System and extract or send through the Internet all information relating to the Franchised Business's operation.

Franchisee agrees to preserve and maintain all records in a secure place at the Franchised Business for at least seven (7) years (including, but not limited to, sales, checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts, disbursement journals, and general ledgers). GTN may require Franchisee to have audited financial statements prepared annually during this Agreement's Term.

10.5 RECORDS AND AUDIT. GTN may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine Franchisee's (if Franchisee is an Entity) and the Franchised Business's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. Franchisee agrees to cooperate fully with GTN's representatives and independent accountants in any examination. If any examination discloses an understatement of the Franchised Business's Gross Sales, Franchisee agrees to pay GTN, within fifteen (15) days after receiving the examination report, the Royalty Fee and Marketing Fund Contribution due on the amount of the understatement, plus GTN's interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to Franchisee's failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if GTN's examination reveals a Royalty Fee or Marketing Fund Contribution understatement exceeding three percent (3%) or more for any four (4) week period of the amount that Franchisee actually reported to GTN for the period examined, Franchisee agrees to reimburse GTN for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of GTN's employees and representatives. These remedies are in addition to GTN's other remedies and rights under this Agreement and applicable law.

Section 11. FRANCHISOR RIGHTS

11.1 MANUAL; MODIFICATION. The Manual, and any part of the Manual, may be in any form or media determined by GTN. GTN may supplement, revise, or modify the Manual, and GTN may change, add or delete System Standards at any time in its sole discretion. GTN may inform Franchisee thereof by any method that GTN deems appropriate (which need not qualify as "notice" under Subsection 18.8). In the event of any dispute as to the contents of the Manual, GTN's master copy will control.

11.2 INSPECTIONS. To determine whether Franchisee and the Franchised Business are complying with this Agreement and all System Standards, GTN and GTN's designated agents or representatives may at all times and without prior notice to Franchisee: (1) inspect the Franchised Business; (2) photograph the Franchised Business and observe and video the Franchised Business's operation for consecutive or intermittent periods GTN deems necessary; (3) remove samples of any products and supplies; (4) interview the Franchised Business's personnel and customers; and (5) inspect and copy any books, records, data files and documents relating to the Franchised Business's operation. If GTN exercises any of these rights, GTN will not interfere unreasonably with the Franchised Business's operation. Franchisee acknowledges that any evaluation or inspection that GTN conducts is conducted to protect GTN's interests in the System Standards and Marks and is not intended to exercise, and does not constitute, in

whole or in part, control over the day-to-day operation of the Franchised Business and Franchisee agrees to never contend otherwise. Franchisee agrees to cooperate with GTN fully.

GTN may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting GTN's other rights under this Agreement, Franchisee will as soon as reasonably practical, but no longer than ten (10) business days, correct any deficiencies noted during an inspection. If GTN conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then GTN may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.3 GTN'S RIGHT TO CURE. If Franchisee breaches or defaults under any provision of this Agreement, GTN may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse GTN for its costs and expenses (including the allocation of any internal costs) for such action, plus ten percent (10%) as an administrative fee.

11.4 RIGHT TO DISCONTINUE SUPPLIES UPON DEFAULT. While Franchisee is in default or breach of this Agreement, GTN may (i) require that Franchisee pay cash on delivery for products or services supplied by GTN, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by GTN shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of GTN are in addition to any other right or remedy available to GTN.

11.5 DELEGATION. GTN may delegate any duty or obligation of GTN under this Agreement to an affiliate or to a third party.

11.6 COMMUNICATION SYSTEMS. If GTN provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems and authorizes GTN to access such communications at any time.

11.7 COMMUNICATION WITH EMPLOYEES. Franchisee irrevocably authorizes GTN to communicate with Franchisee's Designated Manager or other key employee on any matter related to the System or the Franchised Business by signing **Attachment C** to this Agreement.

11.8 COMMUNICATIONS WITH LANDLORD, LENDERS, VENDORS AND SUPPLIERS. Franchisee irrevocably authorizes GTN to communicate with Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Franchised Business, and to provide information about the Franchised Business to them.

11.9 SYSTEM VARIATIONS. GTN may vary or waive any System Standard for anyone (1) or more NerdsToGo Offices due to the peculiarities of the particular site or circumstances, density of population, business potential, and population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.10 BUSINESS DATA. All personal information of customers of the Franchised Business, other NerdsToGo Offices and other non-public data generated by the Franchised Business is Confidential Information and is exclusively owned by GTN. “**Personal Information**” is data that identifies an individual or relates to and identifiable individual. GTN hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Franchised Business for the Term of this Agreement. Franchisee will comply with all applicable laws in relation to the collection, processing and storage of customer information.

Section 12. MARKS

12.1 AUTHORIZED MARKS. Franchisee’s right to use the Marks is derived only from this Agreement and limited to Franchisee operating the Franchised Business according to this Agreement and all System Standards GTN prescribes during its Term. Franchisee’s unauthorized use of the Marks is a breach of this Agreement and infringes on GTN’s rights in the Marks. Franchisee acknowledges and agrees that Franchisee’s use of the Marks and any goodwill established by that use are exclusively for GTN’s benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks GTN authorizes Franchisee to use. Franchisee may not at any time during or after this Agreement’s Term contest or assist any other person in contesting the validity, or GTN’s ownership, of the Marks.

12.2 CHANGE OF MARKS. If it becomes advisable at any time for GTN and/or Franchisee to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Franchisee agrees to comply with GTN’s directions within a reasonable time after receiving notice. Any costs incurred by Franchisee to comply with any change or modification of any Mark will be paid solely by Franchisee; however, GTN may, at GTN’s discretion, reimburse a portion of the costs to Franchisee. GTN need not reimburse Franchisee for any loss of revenue due to any modified or discontinued Mark, or for Franchisee’s expenses of promoting a modified or substitute trademark or servicemark.

GTN’s rights in this Section apply to all the Marks (and any portion of any Mark) that GTN authorizes Franchisee to use in this Agreement. GTN may exercise these rights at any time and for any reason, business or otherwise, that GTN thinks best. Franchisee acknowledges both

GTN's right to take this action and Franchisee's obligation to comply with GTN's directions.

12.3 INFRINGEMENT.

(a) Defense of Franchisee. GTN agrees to reimburse Franchisee for all damages and expenses that Franchisee incurs in any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee notifies GTN within ten (10) days of notice and complies with GTN's directions in responding to the proceeding. At GTN's option, GTN may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

(b) Infringement by Third Party. Franchisee agrees to notify GTN immediately of any apparent infringement or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than GTN, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. GTN may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of GTN's attorneys, are necessary or advisable to protect and maintain GTN's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain GTN's interests in the Marks. GTN will reimburse Franchisee for Franchisee's costs of taking any GTN has asked Franchisee to take.

12.4 NAME.

Franchisee agrees to use the Marks as the Franchised Business's sole identification, except that Franchisee agrees to identify Franchisee as its independent owner in the manner GTN prescribes. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos GTN has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, email addresses, or otherwise in connection with a Website, or (5) in any other manner that GTN has not expressly authorized in writing.

Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Franchised Business or an ownership interest in Franchisee without GTN's prior written consent, which GTN will not unreasonably withhold. Franchisee agrees to display the Marks prominently as GTN prescribes at the Franchised Business and on forms, advertising, supplies, and other materials GTN designate. Franchisee agrees to give the notices of trade and service mark registrations that GTN specifies and to obtain any fictitious or assumed name registrations required under applicable law.

Section 13. COVENANTS

13.1 CONFIDENTIAL INFORMATION.

GTN possesses (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), relating to developing and operating NerdsToGo Offices, including (without limitation):

- (1) site selection criteria;
- (2) training and operations materials and Manual;
- (3) methods, formats, specifications, standards, systems, procedures, production techniques, production processes, sales and marketing techniques, knowledge, and experience used in developing and operating NerdsToGo Offices;
- (4) sales, marketing and advertising programs for NerdsToGo Offices;
- (5) knowledge of, specifications for, and suppliers of operating assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of NerdsToGo franchises other than the Franchised Business;
- (8) graphic designs and related intellectual property; and
- (9) personal information of any customer of the Franchised Business and other NerdsToGo Offices (“**Customer Information**”). “Personal information” is data that identifies an individual or relates to an identifiable individual.

Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as GTN specifies in operating the Franchised Business during this Agreement’s Term, and that Confidential Information is proprietary, includes GTN’s trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact agrees, that Franchisee:

- (a) will not use Confidential Information in any other business or capacity;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement's Term and then thereafter for as long as the item is not generally known in the technology repair and service industry;
- (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- (d) will not sell, trade or otherwise profit in any way from any Confidential Information, except during the Term using methods GTN approves;
- (e) will comply with all applicable laws in relation to the collection, processing and storage of Customer Information;
- (f) will, in addition to the procedures described herein, adopt and implement all reasonable procedures, including those prescribed from time to time by GTN, to prevent unauthorized use or disclosure of or access to any Confidential Information;
- (g) will require and obtain execution of GTN's then-current Confidentiality and Non-Compete Agreement attached as **Attachment D** to this Agreement, unless prohibited by state or local laws, from Franchisee's Principal Executive, Owners, Designated Manager, key management employees, outside sales professional and other personnel who have received or will have access to Confidential Information (unless prohibited by applicable law). Franchisee will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information; and
- (h) will not market any unauthorized products or service using confidential information.

Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before GTN provided it to Franchisee directly or indirectly; which, at the time GTN disclosed it to Franchisee, already had lawfully become generally known in the technology repair and service industry through publication or communication by others (without violating an obligation to GTN); or which, after GTN discloses it to Franchisee, lawfully becomes generally known in the technology repair and service industry through publication or communication by others (without violating an obligation to GTN). However, if GTN includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

GTN works together with Franchisee, Franchisee's Executive Principal, and Franchisee's Owners and other franchisees towards constant improvement and adapting to change to remain relevant and competitive in the managed service provider and technology repair and service industry. Many of GTN's current processes are a result of franchisee innovation and input.

All ideas, concepts, techniques, or materials relating to a NerdsToGo Offices, whether or not protectable intellectual property and whether created by or for Franchisee, Franchisee's Executive Principal or employees, must be promptly disclosed to GTN and will be deemed to be GTN's sole and exclusive property, part of the System, and works made-for-hire for GTN. To the extent that any item does not qualify as a "work made-for-hire" for GTN, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to GTN and agrees to take whatever action (including signing assignment or other documents) GTN requests to evidence GTN's ownership or to help GTN obtain intellectual property rights in the item.

13.2 COVENANTS NOT TO COMPETE.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two (2) years after this Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee's Territory or the territory of any other NerdsToGo Office operating on the date of expiration, termination, or transfer, as applicable.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Subsection is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of GTN. Franchisee agrees that the existence of any claim it may have against GTN shall not constitute a defense to the enforcement by GTN of the covenants of this Subsection. If a Restricted Party fails to comply with the obligations under this Subsection during the restrictive period, then the restrictive period will be extended an additional day for each day of non-compliance.

Section 14. DEFAULT AND TERMINATION

14.1 TERMINATION BY GTN.

(a) Subject to ten (10) Day Cure Period. GTN may terminate this Agreement if Franchisee does not make any payment to GTN when due, or if Franchisee does not have sufficient funds in its account when GTN attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within ten (10) days after GTN gives notice to Franchisee of such breach.

(b) Subject to ten (10) Day Cure Period. GTN may terminate this Agreement if

Franchisee does not submit a voided check and Franchisee's EFT information to allow GTN to debit Franchisee's business account automatically for any payment due under this Agreement within ten (10) days after GTN gives notice to Franchisee of such breach.

(c) Subject to fifteen (15) Day Cure Period. GTN may terminate this Agreement if Franchisee uses any other remote monitoring and management software other than NerdAssure, or if Franchisee uses any other professional services automation software other than the PSA software required by GTN, and Franchisee fails to cure such breach within fifteen (15) days after GTN gives notice to Franchisee of such breach.

(d) Subject to thirty (30) Day Cure Period. If Franchisee breaches this Agreement in any manner not described in Subsection (a) or (c), and Franchisee fails to cure such breach to GTN's satisfaction within thirty (30) days after GTN gives notice to Franchisee of such breach, and then GTN may terminate this Agreement.

(e) Without Cure Period. GTN may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to GTN;
- (iii) a receiver or trustee for the Franchised Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Franchised Business, or an attachment or lien remains on the Franchised Business for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within forty-five (45) days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee does not locate, and sign a Lease or purchase document for, an acceptable site for the Premises within sixteen (16) weeks after the Effective Date;
- (v) Franchisee fails to open the Franchised Business for business within one (1) year after the Effective Date;
- (vi) Franchisee loses possession of the Franchised Business;
- (vii) Franchisee (or Franchisee's Executive Principal) fails to (a) satisfactorily complete the initial training program; or (b) attend the Annual Convention as

required under this Agreement, unless excused by prior written consent of GTN;

- (viii) Franchisee or any Owner commits a material violation of Subsection 7.2 (compliance with laws) or Subsection 13.1 (confidentiality), violates Subsection 13.2 (non-compete) or Section 15 (transfer), failure to comply with any System Standard, or commits any other violation of this Agreement which by its nature cannot be cured;
- (ix) Franchisee abandons or ceases operation of the Franchised Business for more than five (5) consecutive business days, unless Franchisee closes the Franchised Business for a purpose GTN approves or because of casualty or government order;
- (x) Franchisee or any Owner slanders or libels GTN or any of its employees, directors, or officers;
- (xi) Franchisee refuses to cooperate with or permit any audit or inspection by GTN or its agents or contractors, or otherwise fails to comply with Subsection 10.5 or Subsection 11.2;
- (xii) the Franchised Business is operated in a manner which, in GTN's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within forty-eight (48) hours after becoming aware of the danger (due to notice from GTN or otherwise);
- (xiii) Franchisee has received two (2) or more notices of default and Franchisee commits another breach of this Agreement, all in the same twelve (12) month period;
- (xiv) GTN (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xv) Franchisee (or any of Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to a felony, a crime involving moral turpitude, or any other crime or offense, or any other crime or offense that GTN believes is reasonably likely to have an adverse effect on the NerdsToGo brand, the goodwill in the Marks, or GTN's interest in the Marks; or
- (xvi) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in GTN's opinion is reasonably likely to materially and unfavorably affect the NerdsToGo brand;
- (xvii) Franchisee receives three (3) or more material customer complaints within a twelve (12) month period that are reported to Franchisor and are not resolved to

Franchisor's complete satisfaction;

- (xviii) Franchisee sells any product or service Franchisor has not authorized for sale at the Franchised Business; and
- (xix) Franchisees or any Owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of your Owners otherwise violate any such law, ordinance, or regulation.

14.2 INTERIM REMEDIES.

GTN has the right (but not the obligation), under the circumstances described below, to enter the Franchised Business and assume the Franchised Business's management (or to appoint a third party to assume its management) for any period GTN deems appropriate. If GTN (or a third party) assume the Franchised Business's management under subparagraphs (1) and (2) below, Franchisee agree to pay GTN (in addition to the Royalty Fees, Marketing Fund Contributions, Technology Fee and other amounts due under this Agreement) five hundred dollars (\$500) per day, plus GTN's (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after GTN assumes management.

If GTN (or a third party) assume the Franchised Business's management, Franchisee acknowledge that GTN (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or your Owners for any debts, losses, or obligations the Franchised Business incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Franchised Business purchases, while GTN (or the third party) manage it.

GTN (or a third party) may assume the Franchised Business's management under the following circumstances: (1) if Franchisee abandon or fail actively to operate the Franchised Business; (2) if Franchisee fails to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period GTN specifies in GTN's notice to Franchisee; or (3) if this Agreement expires or is terminated and GTN is deciding whether to exercise GTN's option to purchase the Franchised Business under Subsection 14.G. below.

If GTN exercise GTN's rights under subparagraphs (1) or (2) above, that will not affect GTN's right to terminate this Agreement under Subsection 14.1. above.

If Franchisee is in default of any provision of this Agreement, GTN may, at GTN's option, elect to impose interim remedies and/or Limited Services on Franchisee's Franchised Business ("**Limited Services**") rather than terminate this Agreement. GTN will provide written notice to Franchisee prior to placing Franchisee on Limited Services. If Franchisee is in default and receiving Limited Services, GTN may terminate this Agreement at any time if Franchisee fails to cure the default Limited Services may include:

- (1) Franchised Business's web page(s) removed from NerdsToGo.com;
- (2) no access to Marketing Fund services (if applicable);
- (3) removal of Franchisee or Franchisee's personnel from the email system;
- (4) no access to the GTN'S NerdNet proprietary operations portal;
- (5) not eligible to attend any NerdsToGo events;
- (6) no access to NerdsToGo on-line training;
- (7) no access to Franchised Business design, layout services real estate services;
- (8) not eligible to purchase or open additional NerdsToGo Offices; and
- (9) business visits limited to only what is required by this Agreement.

14.3 NON-COMPLIANCE FEE.

If Franchisee is in default of any provision of this Agreement and Franchisee fails to timely cure the default following GTN's notice to Franchisee, GTN may, at GTN's option, elect to charge a non-compliance fee of two percent (2%) of Franchisee's Franchised Business's Gross Sales payable to GTN in the same manner as the Royalty Fee and a non-compliance fee of a half percent (.5%) of Franchisee's Franchised Business's Gross Sales payable to GTN in the same manner as the Marketing Fund Contribution until Franchisee cures the default. GTN will provide written notice to Franchisee prior to charging the non-compliance fee. If Franchisee is in default and paying the non-compliance fee, GTN may terminate this Agreement at any time if Franchisee fails to cure the default.

14.4 EFFECT OF TERMINATION. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed based on the operation of the Franchised Business to GTN within fifteen (15) days after this Agreement expires or is terminated;
- (ii) if GTN terminates this Agreement as result of Franchisee's breach, Franchisee and GTN agree that the amount damages which GTN would incur for any such early termination would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchisee must pay GTN an amount equal to the greater of (i) the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to GTN for the past twenty-four (24) months multiplied by the lesser of forty-eight (48) or the number

of months remaining in the Term, or (ii) the average monthly Royalty Fees and Marketing Fund Contributions paid by all franchised NerdsToGo locations who have operated for the past twenty-four (24) months multiplied by the lesser of forty-eight (48) or the months remaining in the Term (“**Early Termination Damages**”). If Franchisee has not operated the Franchised Business for twenty-four (24) months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly Royalty Fees and Marketing Fund Contributions by all franchised NerdsToGo Offices who have operated for the past twenty-four (24) months multiplied by forty-eight (48). These Early Termination Damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchisee and each of Franchisee’s Owners who personally guarantee Franchisee’s obligations under this Agreement.

The parties acknowledge and agree that: (a) the Early Termination Damages are a reasonable estimation of the damages that GTN would incur if this Agreement is prematurely terminated; and (b) Franchisee’s payment of such Early Termination Damages is intended to fully compensate GTN for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of Franchisee’s breach of this Agreement.

The imposition of Early Termination Damages shall be GTN’s sole option. GTN is not required to impose Early Termination Damages and may, in addition or in lieu thereof, pursue other remedies available to GTN under the terms and conditions of this Agreement, in equity or at law in the event of Franchisee’s breach under this Agreement, including, without limitation, actual damages GTN incurs, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

- (ii) return to GTN all copies of the Manual, Confidential Information and all other materials provided by GTN to Franchisee or created by a third party for Franchisee relating to the operation of the Franchised Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee’s right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to GTN or any new franchisee as may be directed by GTN, and Franchisee hereby irrevocably appoints GTN, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and

- (iv) cease doing business under or otherwise using the Marks.

14.5 DE-IDENTIFICATION. Within thirty (30) days after termination or expiration, Franchisee shall at its own expense “de-identify” the Franchised Business so that it no longer contains the Marks, signage, or any trade dress of a NerdsToGo Office, to the reasonable satisfaction of GTN. Franchisee shall comply with any reasonable instructions and procedures of GTN for de-identification. If Franchisee fails to do so within thirty (30) days after this Agreement expires or is terminated, GTN may enter the Franchised Business to remove the Marks and de-identify the Franchised Business. In this event, GTN will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by GTN.

14.6 CUSTOMER MANAGEMENT TOOLS. Franchisee must immediately allow access to and assign to GTN, and allow access to, all NerdAssure managed services and agents, the PSA software, and any other customer relationship management software, or the like (collectively referred to as “Customer Management Tools”) used in relation to in Franchisee’s Business and its past and current customers. Franchisee hereby assigns to GTN (such assignment effective only upon closing, termination or expiration of the Agreement) all Franchisee’s interest in and to, Franchisee’s Customer Management Tools, and in such case GTN shall step into the shoes of Franchisee with regard to those Customer Management Tools, including any customer contracts, and Franchisee will have no further obligation to service such customers, and shall not attempt to service such customers nor purport to represent that it will continue to service such customers. Franchisee acknowledges that GTN may further assign its position in the Customer Management Tools or customer contracts to any third party without the consent of Franchisee and without any consideration to Franchisee. Franchisee shall not be entitled to any revenues from any software, contracts or relationships after termination or expiration of the Agreement. GTN or its assignee will pay for any ongoing fees associated with any Customer Management Tools. Franchisee is not entitled to copies of any of the electronic information and all such copies shall be immediately returned to GTN. GTN may use such electronic information in any manner in connection with its NerdsToGo franchise System.

14.7 OTHER CLAIMS. Termination of this Agreement by GTN will not affect or discharge any claims, rights, causes of action or remedies (including claims for GTN’s lost future income after termination), which GTN may have against Franchisee, whether arising before or after termination.

14.8 PURCHASE OPTION. Upon termination of this Agreement, or upon expiration of this Agreement without renewal, Franchisee will, at GTN’s option, assign to GTN or GTN’s designee Franchisee’s interest in any lease or sublease of the Franchised Business and Franchisee’s interest in any lease for equipment used in the operation of the Franchised Business. Also, upon termination of this Agreement, or expiration of this Agreement without renewal, GTN shall have the right and option, but not the obligation, to purchase the inventory, equipment, fixtures, furnishings, and all items bearing the Marks at Franchisee’s cost or fair market value, whichever is less. In determining the fair market value of the assets, GTN and

Franchisee will not include any value for goodwill, the rights granted by this Agreement, or participation in the network of NerdsToGo Offices. If GTN elects to exercise this option, GTN will deliver written notice to Franchisee of GTN's election within thirty (30) days after the date of termination or expiration of this Agreement. GTN will have the right to inspect the Franchised Business and assets at any time during this thirty (30) day period. If GTN elects to purchase any of these assets, GTN will be entitled to, and Franchisee must provide, all customary warranties and representations relating to the asset purchase, including, without limitation, representations and warranties as to maintenance, function, condition and Franchisee's good title (including that Franchisee owns the assets free and clear of any liens and encumbrances).

Section 15. TRANSFERS

15.1 BY GTN. Franchisee acknowledges that GTN maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with GTN in that capacity. GTN may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After GTN's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, GTN no longer will have any performance or other obligations under this Agreement.

15.2 BY FRANCHISEE. Franchisee understands and acknowledges that the rights and duties of this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to Franchisee's Owners) and that GTN has granted Franchisee the Franchised Business in reliance upon GTN's perceptions of Franchisee's Principal Executive (or Franchisee's Owners) individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without GTN's prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Franchised Business's profits or losses); (iv) any ownership interest in Franchisee (regardless of its size); or (v) any ownership interest in any of Franchisee's Owners (if such Owners are legal entities). A transfer of the Franchised Business's ownership, possession, or control, or substantially all its assets, may be made only with a transfer of this Agreement. Any transfer without GTN's approval is a breach of this Agreement and has no effect.

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- a. transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- b. merger or consolidation or issuance of additional securities or other forms of ownership interest;

- c. any sale of a security convertible to an ownership interest;
- d. transfer of an interest in Franchisee, this Agreement, the Franchised Business or substantially all its assets, or Franchisee's Owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- e. if Franchisee, one of Franchisee's Owners, or one of Franchisee's Owners dies, a transfer of an interest in Franchisee, this Agreement, the Franchised Business or substantially all its assets, or Franchisee's Owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- f. pledge of this Agreement (to someone other than GTN) or of an ownership interest in Franchisee or Franchisee's Owners as security, foreclosure upon the Franchised Business, or Franchisee's transfer, surrender, or loss of the Franchised Business's possession, control, or management. Franchisee may grant a security interest (including a purchase money security interest) in the Franchised Business's assets (not including this Agreement) to a lender that finances Franchisee's acquisition, development, and/or operation of the Franchised Business without having to obtain GTN's prior written approval if Franchisee gives GTN ten (10) days' prior written notice.

If Franchisee (and Franchisee's Owners) are fully complying with this Agreement, then, subject to the other provisions of this Subsection GTN will approve a transfer that meets all the requirements in this Subsection:

- (i) GTN receives a transfer fee equal to seventeen thousand five hundred dollars (\$17,500) plus any broker fees and other out-of-pocket costs incurred by GTN (except that the seventeen thousand five hundred dollars (\$17,500) will not be due in connection with a transfer for estate planning purposes or to a spouse, sibling, or child of an Owner). If Franchisee requests that GTN assist Franchisee in selling the Franchised Business, Franchisee must also pay GTN a resale consulting fee of five thousand dollars (\$5,000) ("Resale Consulting Fee"). The Resale Consulting Fee is due only if GTN assists Franchisee in selling the Franchised Business;
- (ii) the proposed assignee and its Owners have completed GTN's franchise application processes, meet GTN's then-applicable standards for new franchisees, and have been approved by GTN as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes GTN's then-current form of franchise agreement, transfer addendum (attached to this Agreement as **Attachment K**) and any related documents, which form may contain materially different provisions than this Agreement, including Royalty Fee and a revised Territory;

- (v) all Owners of the proposed assignee provide a guaranty in accordance with Subsection 2.4;
- (vi) Franchisee has paid all monetary obligations to GTN and its affiliates, and to any lessor, vendor, supplier, or lender to the Franchised Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to GTN or its affiliates;
- (vii) the proposed assignee and its Owners and employees undergo such training as GTN may require;
- (viii) Franchisee, Principal Executive, its Owners, and the transferee and its Owners execute a general release of GTN in a form satisfactory to GTN;
- (ix) the Franchised Business fully complies with all the GTN's most recent System Standards;
- (x) GTN has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Franchised Business;
- (xi) if Franchisee or Franchisee's Owners finance any part of the purchase price, Franchisee and/or Franchisee's Owners agree that all the transferee's obligations under promissory notes, agreements, or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay Royalty Fees, Marketing Fund Contributions, Technology Fees and other amounts due to GTN, GTN's affiliates, and third-party vendors and otherwise to comply with this Agreement; and
- (xii) GTN may review all information regarding the Franchised Business that Franchisee gives the transferee, correct any information that GTN believes is inaccurate, and gives the transferee copies of any reports that Franchisee has given GTN or GTN has made regarding the Franchised Business.

15.3 TRANSFER FOR CONVENIENCE OF OWNERSHIP. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least fifteen (15) days' notice to GTN, if, prior to the Transfer: (1) the transferee provides the information required by Subsection 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by GTN, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Subsection 2.4.

15.4 TRANSFER UPON DEATH OR INCAPACITY. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership

interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Franchised Business to a third party approved by GTN (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine (9) months after death or incapacity. Such transfer must comply with Subsection 15.2.

15.5 GTN'S RIGHT OF FIRST REFUSAL. Before Franchisee (or any Owner) engages in a Transfer (except under Subsection 15.3, to an Owner, or to a spouse, sibling, or child of an Owner), GTN will have a right of first refusal, as set forth in this Subsection. Franchisee (or its Owners) shall provide to GTN a copy of the terms and conditions of any Transfer. For a period of thirty (30) days from the date of GTN's receipt of such copy, GTN will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that GTN may substitute cash for any other form of payment). If GTN does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Subsection.

15.6 NO SUBLICENSE. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 NO LIEN ON AGREEMENT. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party; Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

Section 16. INDEMNITY

16.1 INDEMNITY. Franchisee, and each of Franchisee's respective direct and indirect Owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the operation of the Franchised Business, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement or for any liability arising from labor or employment law violations (including from Franchisee's acts and omissions and of Franchisee's employees). GTN will promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release Franchisee from Franchisee's indemnification obligations under this Subsection except to the extent Franchisee is actually and materially prejudiced by such failure. Franchisee shall have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable

opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (ii) Franchisee does not assume responsibility for such Losses in a timely manner or Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and Franchisee shall pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense. Franchisee or the Indemnified Party (as the case may be) shall keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Party, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect Owners, directors, managers, employees, agents and representatives, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this Section shall be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, Franchisee agree that GTN shall have the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by GTN, but reasonably satisfactory to Franchisee.

Franchisee has no obligation to indemnify or hold harmless, an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution

Franchisee's obligations in this Subsection will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, to maintain and recover fully a claim against Franchisee under this Subsection. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Subsection.

Section 17. DISPUTE RESOLUTION

17.1 ARBITRATION.

(a) Disputes Subject to Arbitration. GTN and Franchisee agree that all controversies, disputes, or claims between GTN and its affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to: (i) this Agreement or any other agreement between GTN and Franchisee; (ii) GTN's relationship with Franchisee; (iii) the scope and validity of this Agreement or any other agreement between GTN and Franchisee (including the scope and validity of the arbitration obligations under this Section 17, which GTN and Franchisee acknowledge is to be determined by an arbitrator and not a court); and/or (iv) or any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 17.2 below, award any punitive or exemplary damages against either party (GTN and Franchisee hereby waives to the fullest extent permitted by law, except as expressly provided in Subsection 17.2. below, any right to or claim for any punitive or exemplary damages against the other). Other than as may be required by law, the entire arbitration proceeding (including, but not limited to any rulings, decisions or orders of the arbitrator and any documents produced or exchanged or evidence given) shall remain confidential and not be disclosed to anyone other than the parties to this Agreement. The arbitrator will issue its decision within sixty (60) days after the closing of the hearings.

(a) Location. All proceedings will be conducted at a suitable location chosen by the arbitrator within ten (10) miles of GTN's corporate headquarters. The arbitrator shall have no authority to select a hearing or locale other than as described in the previous sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(b) Injunctive Relief. Despite GTN and Franchisee's agreement to arbitrate, GTN and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that GTN and Franchisee must contemporaneously submit GTN's dispute for arbitration on the merits as provided in this Subsection.

(c) Intellectual Property Claims. Either party may bring a claim involving an

alleged infringement of any of GTN's intellectual property rights in a court authorized to hear such claims under Subsection 17.2 of this Agreement.

(d) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for GTN to comply with laws and regulations applicable to the sale of franchises.

(e) Performance during Arbitration or Litigation. Unless this Agreement has been terminated, GTN and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY GTN FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.1, AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, GTN AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN GTN AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

GTN AND FRANCHISEE IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

IN THE EVENT OF TERMINATION OF THIS AGREEMENT PRIOR THE EXPIRATION OF THE TERM DUE TO FRANCHISEE'S DEFAULT, GTN'S ACTUAL DAMAGES WILL INCLUDE ITS LOST FUTURE INCOME FROM ROYALTY FEES, MARKETING FUND CONTRIBUTIONS AND OTHER AMOUNTS THAT FRANCHISEE WOULD HAVE OWED TO GTN BUT FOR THE TERMINATION.

17.3 WAIVER OF CLASS ACTIONS. GTN and Franchisee agree that arbitration will be conducted on an individual, not a class wide basis and that an arbitration proceeding between GTN and GTN's affiliates, and GTN and GTN's respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between GTN and any other person.

17.4 TIME LIMITATION. GTN and Franchisee agree to be bound by the provisions of any limitation on the period in which claims must be brought under applicable law or this Agreement, whichever expires earlier. GTN and Franchisee agree that, in any arbitration proceeding, each must submit or file any claim which would constitute 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 claim which is 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 Franchisee or GTN.

17.5 VENUE OTHER THAN ARBITRATION.

SUBJECT TO SUBSECTION 17.1, ABOVE AND THE PROVISIONS BELOW, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND GTN MUST BE COMMENCED IN STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN DALLAS, TEXAS, AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION FRANCHISEE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT GTN MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE FRANCHISED BUSINESS IS LOCATED.

17.6 LEGAL COSTS. If GTN incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to GTN, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee agrees, whether or not GTN initiate a formal legal proceeding, to reimburse GTN for all of the costs and expenses that GTN incurs, including, without limitation, reasonable accounting, collection agency fees, attorneys', arbitrators', and related fees.

Section 18. MISCELLANEOUS

18.1 NO LIABILITY FOR ACTS OF OTHER PARTIES. GTN and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that GTN'S respective relationship is other than franchisor and franchise Owner. GTN will not be obligated for any damages to any person or property directly or indirectly arising out of the Franchised Business's operation, or the business Franchisee conducts under this Agreement.

18.2 ENTIRE AGREEMENT. The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the (which may be periodically modified, as provided in Section 11, Section 8, and Section 17 above), constitutes GTN'S and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between GTN and Franchisee, or oral or written representations by GTN, relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that GTN made in

the most recent Disclosure Document (including exhibits and amendments) that GTN delivered to Franchisee or Franchisee's representative.

Any policies that GTN adopts and implements from time to time to guide GTN in GTN's decision-making are subject to change, are not a part of this Agreement, and are not binding on GTN.

Except as provided in Subsections 16.1 and 18.5 nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates GTN reasonably to approve or not unreasonably to withhold GTN's approval of any of Franchisee's actions or requests, GTN has the absolute right to refuse any request Franchisee makes or to withhold GTN's approval of any of Franchisee's proposed, initiated, or completed actions that require GTN's approval. The headings of the Sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these Sections or paragraphs.

References in this Agreement to GTN with respect to all GTN's rights and all of Franchisee's obligations to GTN under this Agreement, including any of GTN's affiliates with whom Franchisee deals. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisee or GTN. "**Control**" means the power to direct or cause the direction of management and policies.

If two (2) or more persons are at any time the Owners of the Franchised Business, whether as partners or joint venturers, their obligations and liabilities to GTN will be joint and several. References to "**principal**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Franchised Business or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the NerdsToGo franchise, or the Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

18.3 MODIFICATION.

This Agreement is binding upon GTN and Franchisee and GTN's and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to GTN's right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both GTN's and Franchisee's duly-authorized officers.

18.4 CONSENT WAIVER.

GTN and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of

written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights GTN or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason, effective upon delivery of ten (10) days' prior written notice.

GTN and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; GTN's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; GTN's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other NerdsToGo Offices; the existence of franchise agreements for other NerdsToGo Offices which contain provisions different from those contained in this Agreement; or GTN's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to GTN will be a waiver, compromise, settlement, or accord and satisfaction. GTN is authorized to remove any legend or endorsement, which then will have no effect.

Neither GTN nor Franchisee will be liable for loss or damage or be in breach of this Agreement if GTN's or Franchisee's failure to perform GTN's or Franchisee's obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; (4) pandemic or (5) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees, Marketing Fund Contributions or Technology Fees due afterward.

18.5 CUMULATIVE REMEDIES. GTN's and Franchisee's rights under this Agreement are cumulative, and GTN's or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude GTN's or Franchisee's exercise or enforcement of any other right or remedy which GTN or Franchisee are entitled by law to enforce.

18.6 SEVERABILITY. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue

of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and GTN agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of GTN's refusal to enter into a renewal franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and GTN may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.7 GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN GTN AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY TEXAS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

18.8 NOTICES. All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered:

- (a) at the time delivered by hand;
- (b) at the time delivered via electronic mail and, in the case of the Royalty Fee, Marketing Fund Contribution, Technology Fees and other amounts due, at the time we receive payment via the EFTA;
- (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery;

or

(e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage pre-paid.

Any notice to GTN Capital Group, LLC, c/o of Legal Department, 2542 Highlander Way Carrollton, Texas 75006 must be sent to the address specified on the first page of this Agreement, although GTN may change this address for notice by giving Franchisee notice of the new address. Any notice that GTN sends to Franchisee, addressed to Franchisee at the notice address set forth in the Summary. You may change the person and/or address for notice only by giving us thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

18.9 HOLDOVER. If Franchisee continues operating the Franchised Business after the expiration of the Term without a renewal agreement or renewal franchise agreement executed by the parties in accordance with Subsection 3.2, then at any time (regardless of any course of dealing by the parties), GTN may by giving written notice to Franchisee (the “**Holdover Notice**”) either (i) require Franchisee to cease operating the Franchised Business and comply with all post- closing obligations effective immediately upon giving notice or effective on such other date as GTN specifies, or (ii) bind Franchisee to a renewal Term of ten (10) years, and deem Franchisee and its Owners to have made the general release of liability described in Subsection 3.2(v).

18.10 JOINT AND SEVERAL LIABILITY. If two or more people sign this Agreement as “Franchisee”, each will have joint and several liabilities.

18.11 NO OFFER AND ACCEPTANCE. Delivery of a draft of this Agreement to Franchisee by GTN does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and GTN.

Section 19. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and Franchisee’s Owners agree to comply, and to fully assist GTN to the fullest extent possible in our efforts to comply, with (A) all applicable economic sanction laws, including the various sanction regulations and guidelines of the U.S. Department of Treasury, Office of Foreign Assets Control, and the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended; and (B) all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., as amended (“FCPA”) (collectively, the “International Trade and National Security Laws. In connection with such compliance, Franchisee and Franchisee’s Owners certify, represent, and warrant that none of Franchisee’s property or interests or none of their property or interest is subject to being blocked under, and that Franchisee’s and Franchisee’s Owners otherwise are

not in violation of, any of the International Trade and National Security Laws by Franchisee or Franchisee's Owners, or any blocking of Franchisee or Franchisee's Owners' assets under the International Trade and National Security Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 14.1. above.

Section 20. LIMITED LIABILITY

Franchisee agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of GTN shall have any liability for (i) any of GTN's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against GTN based on, in respect of, or by reason of, the relationship between Franchisee and GTN, or (iii) any claim against GTN based on any alleged unlawful act or omission by GTN.

Section 21. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) That Franchisee has independently investigated the NerdsToGo franchise opportunity and recognizes that, like any other business, the nature of the business that a NerdsToGo Office conducts may, and probably will, evolve and change overtime.
- (2) That an investment in a NerdsToGo Office involves business risks that could result in the loss of a significant portion or all of Franchisee's investment.
- (3) That Franchisee's business abilities and efforts are vital to Franchisee's success.
- (4) That attracting customers for the Franchised Business will require Franchisee to make consistent marketing efforts in Franchisee's community through various methods, including media advertising, sales and direct mail advertising, and display and use of in-Franchised Business promotional materials and proactive outside sales activities.
- (5) That retaining customers for the Franchised Business will require Franchisee to have a high level of customer service, produce and deliver an on-time quality product, and adhere strictly to the Franchise System and GTN's System Standards and that Franchisee is committed to maintaining System Standards.
- (6) That Franchisee has not received from GTN, and are not relying upon, any representations or guarantees, express, or implied, as to the potential volume, sales, income, or profits of a NerdsToGo Office, except as described in GTN's Franchise Disclosure Document.
- (7) That in all GTN's dealings with Franchisee, GTN's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business

dealings between Franchisee and them because of this Agreement are deemed to be only between Franchisee and GTN.

- (8) That Franchisee has represented to GTN, to induce GTN's entry into this Agreement, that all statements Franchisee has made, and materials Franchisee has given to GTN are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the NerdsToGo Office.
- (9) That Franchisee has read this Agreement and GTN's Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for GTN to maintain GTN's high standards of quality and service, as well as the uniformity of those standards at each NerdsToGo Office, and to protect and preserve the goodwill of the Marks.
- (10) That GTN has the right to restrict Franchisee's sources of other goods and services, as provided in various Sections of this Agreement.
- (11) That GTN has not made any representation, warranty, or other claim regarding this NerdsToGo Office opportunity, other than those made in this Agreement and GTN's Franchise Disclosure Document, and that Franchisee has independently evaluated this opportunity, including by using Franchisee's business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.
- (12) That Franchisee has been afforded an opportunity to ask any questions Franchisee has and to review any materials of interest to Franchisee concerning the NerdsToGo franchise opportunity.
- (13) That Franchisee has been afforded an opportunity, and has been encouraged by GTN, to have this Agreement and all other agreements and materials GTN has given or made available to Franchisee reviewed by an attorney and has either done so or waived Franchisee's right to do so.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

[if an individual:]

Name: _____

Date: _____

[if an entity:]

By: _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A TO FRANCHISE AGREEMENT

TERRITORY

1. The Premises of the Franchised Business will be located at:

2. The Territory shall be:

“Will be defined and delineated in black on a map attached hereto once the Franchised Business site is selected, and a lease is signed.”

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:
(if an individual)

By: _____
Name: _____
Date: _____

(if an entity)

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT B TO FRANCHISE AGREEMENT

OWNERSHIP INFORMATION

2. **Form of Ownership.** Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State of formation: _____

3. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

4. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

SIGNATURES ON THE NEXT PAGE

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:
(if an individual)

By: _____
Name: _____
Date: _____

[if an entity:]

By: _____
Name: _____
Title: _____
Date: _____

ATTACHMENT C TO FRANCHISE AGREEMENT
KEY MANAGEMENT EMPLOYEE DESIGNATION

In accordance with my Franchise Agreement, this is to verify and validate that Franchisee designates _____ as Franchisee’s Key Management Employee to devote his/her full time, best efforts and personal attention to the day-to-day management and operation of the NerdsToGo Office number.

If the Key Management Employee is not able to continue to serve or no longer qualifies to act as the Key Management Employee, Franchisee will notify GTN Capital Group, LLC and designate a replacement Key Management Employee within thirty (30) days after the Key Management Employee ceases to serve in this position.

FRANCHISEE: _____

Franchisee Signature: _____

Franchised Business Number: _____

ATTACHMENT D

TO FRANCHISE AGREEMENT CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Agreement is made and entered into on _____, 20____, between _____ (“Franchisee”) and _____ (“Covenantor”).

WHEREAS, Franchisee is a licensed franchisee of GTN Capital Group, LLC, a Connecticut limited liability company (“GTN”), operating a NerdsToGo Office (the “Franchised Business”) using the GTN system and certain confidential information for the operation of a managed service provider and computer and technology repair and service business; and

WHEREAS, GTN owns, and has provided access to Franchisee to certain non-public information of or about GTN’s operating system, GTN, and any NerdsToGo Office, including all methods for developing and operating the Franchised Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how (collectively, “Confidential Information”); and

WHEREAS, Covenantor will have access to the Confidential Information; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises, and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement.

Covenantor shall maintain all Confidential Information. Covenantor shall not at any time make copies of any documents or compilations containing any Confidential Information for any purpose without the express written permission of Franchisee and GTN. Covenantor shall not disclose or permit the disclosure of any Confidential Information to any party except other employees or persons associated with Franchisee and only to the extent necessary to train or assist other employees of Franchisee in the operation of the Franchised Business. This covenant shall always continue in full force and effect during and after the Covenantor’s employment with Franchisee.

This is also to provide you with notice that, pursuant to 18 U.S.C. §1833(b), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret: (i) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, please note that an individual who files a lawsuit for retaliation by an employer for reporting a

suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, provided that such individual (i) files any document containing the trade secret under seal, and (ii) the individual does not disclose the trade secret, except pursuant to a court order.

In-Term Covenant Not to Compete.

To protect the goodwill and unique qualities of the NerdsToGo system and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor covenants that, during the time Covenantor is associated with Franchisee, Covenantor will not:

1. Directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor.
2. Divert or attempt to divert, directly or indirectly or divert, any business, business opportunity or customer of Franchisee or of any other NerdsToGo Office to any Competitor, by direct or indirect inducement or otherwise. “**Competitor**” means any business offering computer and technology repair or service.

Post-Term Covenant Not to Compete.

In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the NerdsToGo system, Covenantor agrees that for two (2) years following the termination of Covenantor’s employment with Franchisee, Covenantor will not, without the prior written consent of GTN:

1. directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee’s Territory or the territory of any other NerdsToGo Office operating on the date of expiration, termination, or transfer, as applicable.

Irreparable Injury.

Covenantor agrees that in the event of a breach of this Agreement, Franchisee and GTN would be irreparably injured and would be without an adequate remedy at law. Therefore, in the event of such a breach or threatened breach, Franchisee and/or GTN shall be entitled, in addition to any other remedies which are made available to it at law or equity, to a temporary and/or permanent injunction, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

Third-party Beneficiary.

GTN is expressly intended to be a third-party beneficiary of this Agreement. GTN shall have the right to enforce this Agreement and all provisions hereof.

No Waiver.

Any failure by Franchisee or GTN to object to or act with respect to any breach of any provision of the Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

Enforcement.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCEPT FOR TEXAS CHOICE OF LAW RULES. COVENANTORS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF DALLAS COUNTY, TEXAS, AND THE FEDERAL DISTRICT COURTS FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS, DIVISION. COVENANTORS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTORS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW.

COVENANTORS FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DALLAS COUNTY, TEXAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

Severability.

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

Entire Agreement.

This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a writing executed by all parties.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Title: _____

Date: _____

COVENANTOR :

By: _____

Date: _____

ATTACHMENT E TO THE
GTN CAPITAL GROUP, LLC ADDENDUM TO FRANCHISE AGREEMENT
RENEWAL BY FRANCHISEE

THE GTN CAPITAL GROUP LLC. RENEWAL FRANCHISE AGREEMENT (“**Renewal Franchise Agreement**”) between GTN Capital Group LLC a Connecticut limited liability company (“**GTN**”) located at 2542 Highlander Way, Carrollton, Texas 75006-2333, whose principal address is and _____ (“**Franchisee**”) as of the date signed by us and set forth opposite our signature on this Addendum (“**Effective Date**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Renewal Franchise Agreement (the “**Addendum**”):

WHEREAS, Franchisee’s existing Franchise Agreement dated _____ expires on _____, 20;

WHEREAS, the Renewal Franchise Agreement is effective on the Effective Date; and

WHEREAS, the term of the Renewal Franchise Agreement commences on _____ 20 _____;

WHEREAS, certain provisions contained in the Renewal Franchise Agreement are amended to be consistent with the Franchisee’s renewal of an existing Franchised Business.

I. INCORPORATION OF TERMS OF THE RENEWAL FRANCHISE AGREEMENT

This Addendum shall amend and supplement the Renewal Franchise Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the Renewal Franchise Agreement, and concerning any conflict between the two agreements, the terms of this Addendum shall be controlling concerning the subject matter thereof.

II. AMENDMENT TO THE RENEWAL FRANCHISE AGREEMENT

The Agreement shall be amended as follows:

1. Fees

Subsection 4.1, the Initial Franchise Fee, of the Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Upon signing this Agreement, Franchisee agrees to pay GTN a renewal fee of _____ dollars (\$_____) which shall be deemed fully earned and nonrefundable upon execution of this Agreement in consideration of the administrative and other expenses incurred by GTN in renewing the Agreement.

Subsection 4.2., Royalty Fee, of the Renewal Franchise Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Gross Sales of the Franchised Business shall be reported monthly to GTN through the Computer System by the fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner

described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to the greater of one thousand dollars (\$1,000) or seven percent (7%) of Gross Sales (“Royalty Fee”) through the end of the Term of the Agreement. The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

Subsection 4.3, Reduced Royalty Fee, of the Renewal Franchise Agreement shall be deleted in its entirety.

Subsection 4.6, Marketing Fund Contribution, of the Renewal Franchise Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Franchisee agrees to contribute to the Marketing Fund Contribution of two percent (2%) of the Franchised Business’s Gross Sales (“**Marketing Fund Contribution**”) which is paid in the same manner as the Royalty Fee through the end of the Term of the Agreement.

Subsection 4.7, Reduced Marketing Fund Contribution, of the Renewal Franchise Agreement, shall be deleted in its entirety.

2. Location, Development, and Opening

Subsection 6.1, Determining Location and Territory, of the Renewal Franchise Agreement shall be deleted in its entirety and replaced with the following:

Franchisee’s Franchised Business is described in **Attachment A** to the Renewal Franchise Agreement.

Subsections 6.2, 6.3, 6.5, and 6.6 of the Agreement shall be deleted in their entirety.

3. Marketing

The first paragraph of Subsection 9.7 of the Renewal Franchise Agreement shall be deleted in its entirety.

4. Remodeling

Subsection 7.15 of the Renewal Franchise Agreement shall be supplemented by the addition of the following paragraph as if it were an original part of the Renewal Franchise Agreement:

Upon execution of the Agreement, the Franchisee agrees to renovate and modernize the facilities and equipment used in the Franchised Business to GTN’s then-current standards for NerdsToGo Offices under the System no later than six (6) months after execution of this Agreement.

5. Default and Termination

Subsection 14.1(e),(i),(iv),(v), and (vii(a)) of the Renewal Franchise Agreement shall be deleted in their entirety.

6. Acknowledgments

Unless otherwise agreed in writing by GTN, all amounts owed to GTN or GTN's affiliates in accordance with the Franchised Agreement dated _____, 20__ between Franchisee and GTN and all other agreements and documents incorporated in that Franchise Agreement for the Franchised Business will be transferred to the amounts owed as reflected in this Renewal Franchise Agreement.

IN WITNESS WHEREOF, Franchisee acknowledges that Franchisee has read and understands the contents of this Addendum, that Franchisee has had an opportunity to obtain the advice of counsel, and that Franchisee intends to comply with this Addendum and be bound thereby. The parties have executed and delivered this Addendum to the Renewal Franchise Agreement on the dates noted below, to be effective as of the Effective Date.

GTN CAPITAL GROUP, LLC,
a Connecticut Limited Liability Company

FRANCHISEE:

By: _____

By: _____

Name: _____

Title: _____

Title: _____

DATED: _____

DATED*: _____

(*Effective Date of this Renewal Franchise Agreement)

ATTACHMENT F TO FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is as of the date that certain Franchise Agreement (the “Agreement”) is signed by us as described below.

By (list each guarantor):

In consideration of, and as an inducement to, the execution of that certain Agreement on this date by GTN Capital Group LLC (“us,” “we,” or “our”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ (“Franchisee”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its principals, and for so long as we have any cause of action against Franchisee or its principals; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising because of

the undersigned's execution of, and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations above and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in state or federal court of general jurisdiction in Dallas, Texas, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Signatures of Each Guarantor

Percentage of Ownership Interest in Franchisee

%
%
%

ATTACHMENT G TO THE FRANCHISE AGREEMENT
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

GTN CAPITAL GROUP, LLC/PAYEE

BANK NAME

ACCOUNT#

ROUTING #

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

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

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

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

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

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account)

Location: _____

Franchised Business #: _____

For Information call: _____

Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print)

By: _____

Signature and Title of Authorized Representative

DATE: _____

**ATTACHMENT H TO FRANCHISE AGREEMENT ACKNOWLEDGMENT OF
UNDERSTANDING BY FRANCHISEE REGARDING TRAINING AND JOINT
EMPLOYMENT**

This Acknowledgment ("**Acknowledgment**") is provided by GTN Capital Group LLC, ("**Franchisor**") to clarify the relationship between the Franchisor and _____ ("**Franchisee**") in the context of franchising. This Acknowledgment is intended to inform all parties involved, including potential franchisees, that no joint employer relationship exists between the Franchisor and its franchisees.

1. **Independent Business Entities**: Franchisor and Franchisee are independent business entities. Franchisee operates as a separate legal entity and is solely responsible for Franchisee's employees, operations, and business decisions.
2. **Franchisee's Autonomy**: Franchisee has the autonomy to manage Franchisee's employees, including hiring, training, supervising, and terminating them. Franchisor does not exercise control or direct involvement in the day-to-day operations of the Franchisee's Center, including employment-related matters.
3. **No Control over Employment Decisions**: Franchisor does not control or have the authority to control the hiring, firing, scheduling, or compensation of the Franchisee's employees. The Franchisee is solely responsible for all employment-related decisions and compliance with applicable labor laws.
4. **No Shared Liability**: Franchisor and Franchisee operate as separate legal entities, and any liabilities arising from the actions or decisions of the Franchisee, including employment-related matters, are the sole responsibility of the Franchisee. Franchisor shall not be held liable for any claims, disputes, or damages arising from the Franchisee's employment practices.
5. **Clear Distinction**: Franchisor maintains a clear distinction between its role as a Franchisor, providing support, guidance, and brand standards, and the Franchisee's role as an independent business owner responsible for their own operations, including employment-related matters.
6. **Compliance with Laws**: Franchisee is responsible for complying with all applicable employment laws, including but not limited to, minimum wage laws, overtime laws, anti-discrimination laws, and health and safety regulations. Franchisor encourages Franchisee to seek legal advice to ensure compliance with all relevant laws and regulations.

SIGNATURES ON NEXT PAGE

FRANCHISEE:

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of entity]

Title of Signator: _____

DATED: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

ATTACHMENT I TO FRANCHISE AGREEMENT

FRANCHISOR REQUIRED LEASE TERMS

This Addendum to Lease (“**Addendum**”) is attached hereto and made a part hereof of the Lease (the “**Lease**”) dated _____ by and between _____ (as “**Landlord**”) and (as “**Tenant**”) for the premises as more fully described in the Lease (the “**Premises**”). In the event of a conflict between the terms of this Addendum and the Lease, the terms of this Addendum shall control.

1. Use of Premises.

During the term of Tenant’s franchise agreement (“**Franchise Agreement**”) or the term of the Lease, whichever is the last to expire, the Premises may be used only for the operation of a computer technology business under the NerdsToGo mark, or such other mark as approved by GTN Capital Group, LLC (“**Franchisor**”). The NerdsToGo operation specializes as a managed service provider and in the business of technology sales, repairs, and services, offering a wide variety of computer technology services and products, to include the sale at retail of computers and other technology products; to ~~both residential computer users and~~ business users; and offering complementary products and services as shall be determined over time by the Franchisor. Tenant shall be permitted to use all equipment and machines typical of other NerdsToGo Offices. Landlord acknowledges that the foregoing use does not violate any zoning restrictions, restrictive covenants or existing exclusive uses granted to any other tenant or occupant of the shopping center/project/building.

2. Exclusive Use.

During the term of this lease or any renewal or extension, so long as Tenant is not in default under its terms after expiration of applicable notice and cure periods, Landlord, its successors and assigns, hereby agree that they will not lease to any individual or entity, or allow the use of any premises within the shopping center or on property adjacent to the shopping center which is owned, controlled by or under common control with Landlord, its successors or assigns, for the purpose of selling, marketing, producing, installing and/or repairing technology goods and services all items as described in Use of Premises.

3. Signs and Graphics.

Subject to applicable zoning laws and regulations, and any applicable restrictive covenants which Landlord has provided to Tenant prior to the execution of this Lease, NerdsToGo will install its NerdsToGo unique exterior branding which typically includes internally illuminated signage and window graphics. Landlord acknowledges that it is generally familiar with Tenant’s storefront designs and trade colors. It shall be unreasonable for Landlord to disapprove of professionally designed, lawfully permitted storefront designs generally consistent with the

NerdsToGo Brand Standards. Tenant shall be allowed to install the maximum allowable signage.

4. Operating Covenant.

Provided Tenant continues to pay minimum rent and all other charges due under the Lease, Tenant shall have the right during the term of the Lease and any option periods to cease the operation of its NerdsToGo Office. In addition, in no event shall Tenant be required to maintain any specified shopping center hours.

5. Assignment and Sublet.

Landlord and Tenant recognize Franchisor and Tenant have entered into a Franchise Agreement to open a NerdsToGo Office in the Premises. Tenant shall have the right to sublease or assign all or any portion of the Premises during the Term to any wholly-owned subsidiary or parent company of Tenant without obtaining Landlord's prior written consent (but with prior written notice to the Landlord), provided such subtenant or assignee: (i) has a net worth equal to or greater than Tenant; (ii) is another duly authorized franchisee of Franchisor's; or (iii) is the Franchisor, who may in turn transfer its interest to a duly authorized franchisee (collectively, "Permitted Transfers"). As used herein, a duly authorized franchisee is any entity that meets the Franchisor's then standard qualifications including a tangible net worth of at least three hundred thousand dollars (\$300,000).

Upon Tenant's default or termination of the Franchise Agreement and/or Tenant's default under the Lease, Franchisor shall be permitted to assume this Lease from Tenant with all the rights and obligations of Tenant provided Franchisor gives Landlord written notice of Franchisor's intent to assume the Lease and cures any of Tenant's defaults within fifteen days of the expiration of Tenant's time for curing such defaults under the Lease. The Franchisor may assign or sublease the Premises to a duly authorized franchisee, which is any franchisee that meets Franchisor's standard qualifications. Upon Franchisor assigning the Lease to such a franchisee, Franchisor shall be released as Tenant on the following conditions: (i) the use of the Premises remains the same; and (ii) such franchisee has a tangible net worth of at least three hundred thousand dollars (\$300,000). The landlord will not unreasonably withhold approval. Further, if Franchisor is the Tenant under this Lease, the direct or indirect change of control of Franchisor shall not constitute an assignment of this Lease.

6. Franchisor's Rights.

Franchisor shall have the right to enter the Premises to make any reasonable non-structural, non-storefront modifications or reasonable non-structural, non-storefront alterations necessary to protect Franchisor's interest in the NerdsToGo Office and proprietary marks or to cure any default under the Franchise Agreement or any development agreement entered into by Franchisor and Tenant or under the Lease, and Landlord agrees that Franchisor shall not be

liable for trespass or any other crime or tort.

7. Lease Renewal, Amendments and other Assignments.

Landlord agrees that Tenant shall not otherwise amend, assign, renew or extend the term of the Lease without the prior written consent of Franchisor.

8. Waiver of Landlord Lien.

Notwithstanding anything to the contrary in this Lease, Landlord expressly waives all liens it may have or acquire pursuant to the Lease or by law with respect to Tenant's fixtures, equipment, and other personal property. Landlord acknowledges and agrees that Tenant's or Franchisor's lender (the "Equipment Lender") may own/hold a security interest senior to that of

Landlord in all such fixtures, equipment and personal property.

Landlord shall permit Equipment Lender to enter the Premises to remove such fixtures, equipment, and personal property in the event Tenant defaults under the Lease, vacates, abandons or otherwise surrenders the Premises, or upon mutual cancellation of the Lease, or otherwise jeopardizes Equipment Lender's security interest in the fixtures, equipment and personal property.

9. Financing.

This Lease shall be expressly conditioned upon Tenant securing adequate financing. Tenant shall give Landlord notice upon obtaining such financing.

10. Parking and Common Areas.

Subject to local code restrictions, Landlord shall make two (2) parking spaces in front of the Premises reserved for Tenant's exclusive use for the term of the Lease. Tenant shall have the non-exclusive right to utilize all remaining parking spaces and common areas serving the Premises.

Tenant shall have the right to park its Branded Vehicle in the Center Parking areas overnight and otherwise on an on-going basis. During normal and after business hours, Tenant shall have the right to park Branded Vehicles not in use in the parking spaces closest to the primary artery servicing the shopping center. In no event will Tenant be required to park its Branded Vehicle in the rear of the shopping center or the Premises.

11. Affiliates.

Landlord agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor will have any liability for: (i) any of Franchisor's obligations or liabilities relating to or arising from this Lease; (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Landlord and Franchisor; or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

12. Remodel.

The Tenant will have the right to remodel the non-structural interior portions of the Premises and to replace the exterior signage with its current prototype store design and layout.

13. Relocation.

Notwithstanding anything to the contrary in the Lease, the Premises shall not be relocated.

14. Notices.

Landlord agrees to furnish Franchisor with copies of any material changes to the lease and all default letters and notices sent to Tenant pertaining to the Lease and the Premises, at the same time that such letters and notices are sent to Tenant. Landlord further agrees that, if it intends to terminate the Lease, the Landlord will give Franchisor thirty (30) days advance written notice of such intent, specifying in such notice all defaults that are the cause of the proposed termination. Franchisor shall have after the expiration of the period during which Tenant may cure such default, an additional fifteen (15) days (or if there is no cure period, at least fifteen (15) days) to cure, at its sole option, any such default. If neither Tenant nor Franchisor cures all such defaults within said time periods (or such longer cure period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and exercise all its other post-termination rights as set forth in the Lease.

All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first class postage prepaid, electronic mail (provided that the sender receives confirmation that the e-mail has been delivered), facsimile, telegram or telex (provided that the sender confirms the facsimile, telegram or telex by sending an original confirmation copy by certified or registered mail or expedited delivery service within three (3) business days after transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If directed to Franchisor, the notice shall be
addressed to:

GTN Capital Group LLC
2542 Highlander Way
Carrollton, Texas 75006-
2333 Attention: Legal Department
Email: legalnotices@propelledbrands.com

If directed to Tenant, the notice shall be addressed to address in the Lease

If directed to Landlord, the notice shall be addressed to the address in the Lease.

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices that are given by electronic mail or facsimile shall be deemed given upon transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or

registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such a change to the other parties. Business day for the purpose of this Agreement excludes Saturday, Sunday and national holidays.

The terms of this Addendum will supersede any conflicting terms of the Lease.

~~IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the day and year set forth in the Lease.~~

~~WITNESS _____ LANDLORD~~

~~_____
(Signature) _____ (Signature)~~

~~WITNESS _____ TENANT~~

~~_____
(Signature) _____ (Signature)~~

ATTACHMENT J

TO THE FRANCHISE AGREEMENT

LEASE ACKNOWLEDGEMENT OF UNDERSTANDING

Franchisee understands and acknowledges that GTN Capital Group LLC. (“GTN”) does not provide legal advice regarding new location leases, lease renewals or lease amendments (“Lease”). GTN will provide legal information, but legal information is not the same as legal advice - the application of law to a specific circumstance. GTN goes to great lengths to make sure GTN’s information is accurate and useful. GTN recommends that Franchisee consult an attorney if Franchisee wants professional assurance that GTN’s information, and Franchisee’s interpretation of it, is appropriate to Franchisee’s particular Lease situation.

Please acknowledge your understanding by signing below:

*First and last name _____

*First and last name _____

*Legal Entity if applicable _____

*Franchised Business Number _____

*Franchisee Signature _____

*Date _____

ATTACHMENT K TO THE
GTN CAPITAL GROUP, LLC ADDENDUM TO FRANCHISE AGREEMENT
TRANSFER OF INTEREST

THE GTN CAPITAL GROUP, LLC FRANCHISE AGREEMENT (“Agreement”) between _____, a _____, whose principal address is _____ (“Franchisee”) and GTN CAPITAL GROUP, LLC, a Connecticut limited liability company located at 2542 Highlander Way, Carrollton, Texas 75006-2333 (“GTN”) as of the date signed by us and set forth opposite our signature on this Addendum (the “Effective Date”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Addendum”):

I. Certain provisions contained in the Agreement are amended to be consistent with your purchase of an existing NerdsToGo franchised business (“Franchised Business”).

II. INCORPORATION OF TERMS OF AGREEMENT

This Addendum shall amend and supplement the Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the Agreement, and with respect to any conflict between the two agreements, the terms of this Addendum shall be controlling with respect to the subject matter thereof.

III. ADDENDUMS TO THE AGREEMENT

The Agreement shall be amended as follows:

1. Fees

Subsection 4.1, the Initial Franchise Fee, of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Upon signing this Agreement, Franchisee agrees to pay GTN a transfer fee of _____ Dollars (\$_____) which shall be deemed fully earned and nonrefundable upon execution of this Agreement in consideration of the costs and expenses associated with reviewing the transfer and training cost for the Franchisee.

Subsection 4.2, Royalty Fee, of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Gross Sales of the Franchised Business shall be reported monthly to GTN through the Computer System by the fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to the greater of One Thousand dollars (\$1,000) or seven percent (7%) of Gross Sales (“Royalty Fee”) through the end of the Term of the Agreement. The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

Subsection 4.3, Reduced Royalty Fee, of the Agreement shall be deleted in its entirety.

Subsection 4.6, Marketing Fund Contribution, of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Franchisee agrees to contribute to the Marketing Fund Contribution of two percent (2%) of the Franchised Business's Gross Sales ("**Marketing Fund Contribution**") which is paid in the same manner as the Royalty Fee through the end of the Term of the Agreement.

Subsection 4.7, Reduced Marketing Fund Contribution, of the Agreement shall be deleted in its entirety.

2. Location, Development, and Opening

Subsection 6.1, Determining Location and Territory, of the Agreement shall be deleted in its entirety and replaced with the following:

Franchisee's Franchised Business is described in Attachment A to the Agreement.

Subsections 6.2, 6.3, 6.5, and 6.6 of the Agreement shall be deleted in their entirety.

3. New Franchisee Training

The phrase "opening the Location" shall be changed to "taking possession of the Location in Subsection 6.4, New Franchisee Training, of the Agreement.

4. Marketing

The first paragraph of Subsection 9.7 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

9.7 MARKET INTRODUCTION PLAN. Upon signing the Agreement, Franchisee will pay nine thousand dollars (\$9,000) to GTN for initial advertising for Franchisee's Franchised Business. This will be administered by GTN's marketing department. GTN will create a marketing and advertising plan for Franchisee's Franchised Business and will allocate Franchisee's required initial marketing and advertising pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for four (4) months. The programs in the initial marketing and advertising plan may include direct mail marketing, local digital advertising including Pay-Per-Click advertising, virtual sales assistant customer prospecting email campaigns and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's initial marketing and advertising plan. Marketing programs are evaluated for effectiveness and GTN may make changes to the tactics to optimize the initial marketing and advertising plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be discussed for inclusion in the pre-paid portion of the marketing plan. The marketing plan will also include recommended programs and spending that Franchisee can choose to implement or not or modify as desired beyond the pre-paid fund amount. These recommended programs and their

associated costs are not included in the initial advertising costs of nine thousand hundred dollars (\$9,000) payable to GTN. The monthly website fee of two hundred fifty (\$250) is not included in the pre-paid portion of the marketing plan. Franchisee agrees to comply with GTN's guidelines for this initial marketing and advertising plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Franchised Business's operation.

IN WITNESS WHEREOF, Franchisee acknowledges that Franchisee has read and understands the contents of this Addendum, that Franchisee has had an opportunity to obtain the advice of counsel, and that Franchisee intends to comply with this Addendum and be bound thereby. The parties have executed and delivered this Addendum to the Agreement on the dates noted below, to be effective as of the Effective Date.

GTN CAPITAL GROUP, LLC,
a Connecticut Limited Liability Company

By: _____

Name: _____

Title: _____

DATED*: _____

FRANCHISEE:

By: _____

Title: _____

DATED: _____

(*Effective Date of this Agreement)

EXHIBIT C
TO DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT CONVERSION FRANCHISE ADDENDUM

THE GTN Capital Group, LLC FRANCHISE AGREEMENT
between _____ whose address is at _____
 (“Franchisee) and GTN Capital Group, LLC (“GTN”) (the “Agreement”) shall be amended by the
addition of the following language, which shall be considered an integral part of the Agreement as
of the date signed by GTNs and set forth opposite our signature on this Addendum (the “Effective
Date”) (the “Addendum”):

WHEREAS, Franchisee operates an existing managed service provider and/or technology
repair and service business under the name of _____ (the “Existing Business”); and

WHEREAS, Franchisee desires to establish a franchise relationship with GTN; and

WHEREAS, you desire to obtain the right to convert the Existing Business to a NerdsToGo
Office (“Conversion Franchise”) and to operate the Conversion Franchise pursuant to the System
in accordance with the terms and conditions of the Agreement as amended herein; and

WHEREAS, the parties acknowledge that, unless otherwise defined in this Addendum, all
capitalized defined terms used in this Addendum shall have the same meaning as that attributed to
such terms in the Agreement;

NOW, THEREFORE, in consideration of the undertakings and commitments of each party
to the other party set forth herein, the receipt and sufficiency of which are hereby acknowledged,
the parties agree as follows:

I. INCORPORATION OF TERMS OF AGREEMENT

This Addendum shall amend and supplement the Agreement simultaneously executed by the
parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the
Agreement, and with respect to any conflict between the two agreements, the terms of this
Addendum shall be controlling with respect to the subject matter thereof.

II. AMENDMENTS TO THE AGREEMENT

The Agreement shall be amended as follows:

1. Protected Territory

Subsection 2.2 of the Agreement shall be amended as follows:

The Territory for a Conversion Franchise will be a defined area as determined by us.
Your Territory will be based on the sales of your Existing Business, and the size of the
market. The business count may be less for your Territory than the business count for a new
NerdsToGo Office. GTN will designate and describe Franchisee’s

Territory in **Attachment A** to the Agreement.

2. Determining Location and Territory

Subsection 6.1 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Franchisee agrees to bear the cost and expense for making all alterations, modifications, and improvements as GTN may deem necessary to convert Franchisee's Existing Business to a Conversion Franchise. Franchisee acknowledges and agrees that approving Franchisee to operate a Conversion Franchise at the Existing Business's premises does not constitute a representation, promise, warranty, or guarantee by us that a NerdsToGo Office operated at that site will be profitable or otherwise successful.

3. Lease

The first two (2) paragraphs of Subsection 6.2 of the Agreement shall be deleted in their entirety.

4. Development

Subsection 6.3 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Within forty-five (45) days of Franchisee's execution of this Agreement and the Addendum, Franchisee agrees to make all alterations, modifications and improvements to the Conversion Franchise premises as reasonably requested by GTN, which shall include, but not be limited to, replacing all signage, replacing the Existing Business's trade dress with NerdsToGo trade dress, and meeting the current standards of the System Standards. Franchisee will also replace all stationery, forms, invoices, business cards and all other written materials used in the technology repair and service business with materials meeting GTN's standards for such items and obtaining and replacing such equipment, computer hardware and software and other equipment (at Franchisee's option), meeting GTN's specifications and standards necessary to operate the Conversion Franchise under the System Standards; and to cancel and/or replace all forms of advertising, such as social media ads, online presence, and display ads, under the _____ name and substitute advertising approved by us using the Proprietary Marks.

Franchisee shall be responsible for obtaining and maintaining all zoning classifications and clearances which may be required by the state, provincial, or local laws, ordinances, or regulations or which may be necessary or advisable because of any restrictive covenants relating to the Conversion Franchise's premises. Franchisee agrees to obtain and maintain all permits, licenses, and certifications required for the lawful operation of the Conversion Franchise. Franchisee will certify in writing to us that the insurance coverage specified in Subsection 7.15 of this Agreement is in full force and effect and that all required approvals, clearances, permits, and certifications related thereto have been obtained within thirty (30) days of Franchisee's execution

of this Agreement and the Addendum. Upon request, Franchisee agrees to promptly provide to GTN additional copies of Franchisee's insurance policies or certificates of insurance and copies of all the foregoing approvals, clearances, permits, licenses, and certifications.

With respect to the existing inventory, products, supplies, and other materials currently in use at the Conversion Franchise, GTN will inspect such items and advise Franchisees within thirty (30) days of the execution of this Agreement and the Addendum whether such items meet our standards and specifications. Within forty-five (45) days after the execution of this Agreement and the Addendum, Franchisee agrees to cease rendering services and remove all products, equipment, signs, interior and exterior decor items, fixtures, furnishings, supplies and other materials that do not conform with the standards and specifications prescribed by GTN for use under the System, unless such services or other items are otherwise approved in writing by us GTN.

5. Software

Subsection 7.7 of the Agreement shall be supplemented by the addition of the following as the last paragraph of the Section as if it were an original part of the Agreement:

With respect to a Conversion Franchise, GTN will inspect the existing Computer System, professional automation software, point of sale systems, software, and other systems (“**Systems**”) currently used at the Conversion Franchise, and advise Franchisee within thirty (30) days of the execution of this Agreement and the Addendum whether such items meet GTN's System Standards. If the Systems do not meet GTN's standards and specifications, Franchisee agrees to obtain and use the Systems GTN specifies within forty-five (45) days of Franchisee's execution of this Agreement and Addendum.

6. Opening Date

Subsection 6.6 of the Agreement shall be supplemented by the addition of the following as if it were an original part of the Agreement:

With respect to a Conversion Franchise, Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the pre-opening obligations described in Section 6. Franchisee agrees to complete the conversion of the Existing Business to a NerdsToGo Office and commence operating the Conversion Franchise under the NerdsToGo System within ninety (90) days following the date of execution of this Agreement and the Addendum unless Franchisee obtains an extension of such time from GTN. GTN will inspect the Conversion Franchise prior to opening to determine whether Franchisee has complied with GTN's specifications and standards for conversion to a NerdsToGo Office. We have the right to prohibit Franchisee from commencing operation of the Conversion Franchise in the event Franchisee fails to comply with such pre-opening obligations.

7. Royalties

Subsection 4.2 of the Agreement shall be supplemented by the following two (2) paragraphs:

In the event Franchisee has not commenced operation as a Conversion Franchise within ninety (90) days following the date of execution of this Agreement and Addendum, effective on the first of the month after the ninety (90) days until commencement of operation of the Conversion Franchise, Franchisees will begin paying a minimum monthly Royalty Fee of one thousand dollars (\$1,000).

Franchisee agrees to provide GTN with Franchisee's year-end financial statements and other information for the previous twelve (12) month period prior to signing the Agreement to convert Franchisee's Existing Business to a Conversion Franchise.

8. Market Introduction Plan

Subsection 9.7 of the Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

9.7 Market Introduction Plan

Franchisee agrees to pay nine thousand dollars (\$9,000) to GTN prior to registering for the initial training program for market introduction plan ("**Market Introduction Plan**") for Franchisee's Conversion Franchise in Franchisee's local market administered by GTN's marketing department. GTN will create a Market Introduction Plan for Franchisee's Conversion Franchise and will allocate Franchisee's Market Introduction Plan pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for approximately three (3) to four (4) months. The programs included in the Market Introduction Plan may include direct mail marketing programs, local digital advertising marketing including local Pay-Per-Click advertising, virtual sales assistant, customer prospecting email campaigns, telemarketing campaigns, and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's Market Introduction Plan. Marketing programs are evaluated for effectiveness, and Franchisee may make changes to the tactics to optimize the Market Introduction Plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local paid media and association marketing opportunities can be included in the pre-paid portion of the Market Introduction Plan. Franchisee agrees to comply with GTN's guidelines for this Market Introduction Plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Conversion Franchise's operation.

Upon expiration of the pre-paid marketing dollars referenced above for digital advertising, Franchisee is required to continue digital advertising and use GTN's designated vendor to direct web traffic to Franchisee's Conversion Franchise during Franchisee's business hours. Also, if Franchisee chooses to maintain the virtual sales assistant customer prospecting email campaigns through GTN's designated service, Franchisee must pay GTN's designated vendor.

Section 9.7 of the Agreement shall be supplemented by the addition of the following subsection as if it were an original part of the Agreement:

Franchisee agrees to transfer the Uniform Resource Conversion Franchise (“URL’s”) for the Existing Business to GTN within sixty (60) days from the date of signing this Addendum. Franchisee will work with GTN and the domain name registrar to complete any necessary paperwork to complete the transfer of the URL to GTN. We will allow Franchisee to maintain the Existing Business’s website, social media accounts, and email for a six (6) month period from the Effective Date of the Addendum for the sole purpose of maintaining the business. These URL(s) should not be promoted or marketed. After this six (6) month period, Franchisee agrees to discontinue the website, social media accounts and email for the Existing Business. Upon discontinuance of the Existing Business’s website, Franchisee agrees to put a jump page on the website that is redirected to Franchisee’s Conversion Franchise’s page.

9. Records and Reports

The Agreement shall be supplemented by the addition of the following paragraph to the end of Section 10.2 as if it was an original part of the Agreement.

If GTN determines that the form and manner which Franchisee maintains the books and records of Franchisee’s Existing Business are not consistent with those prescribed by GTN under the System, Franchisee agrees to prepare all books and records in the form and manner prescribed by GTN upon commencing operation as a Conversion Franchise.

10. Termination by US

Subsection 14.1(e)(v) of the Agreement shall be deleted in its entirety (and section numbers renumbered) and the following shall be substituted in lieu thereof:

(e)(v) If Franchisee fails to convert Franchisee’s Existing Business to a Conversion Franchise in accordance with the terms of the Addendum within ninety (90) days of the date of execution of this Agreement and the Addendum;

Subsection 14.1 of the Agreement shall be supplemented by the addition of the following subsection (xx) as if it were an original part of the Agreement:

(xx) If Franchisee fails to comply with any of the terms and conditions of this Addendum.

11. Certification of GTN’s Compliance

Section 21 of the Agreement shall be supplemented by the addition of the following Subsections (14), (15), and (16) as if they were an original part of the Agreement:

(14) Except for Franchisee, no other person, firm, corporation, or other entity has any right, title, interest in or to Franchisee; that Franchisee’s Conversion Franchise has not been mortgaged, pledged or assigned; and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Franchisee’s interest in such business;

- (15) Franchisee acknowledges that the information submitted and representations made to GTN as an inducement for GTN to enter into this Agreement and the Addendum are complete, true and correct;
- (16) Franchisee acknowledges that by virtue of the terms and conditions of this Agreement and the Addendum the manner and operation of its business must be in strict compliance with the System.

IN WITNESS WHEREOF, Franchisee acknowledges that Franchisee has read and understands the contents of this Addendum, that Franchisee has had an opportunity to obtain the advice of counsel, and that Franchisee intends to comply with this Addendum and be bound thereby. The parties have executed and delivered this Addendum to the Agreement on the dates noted below, to be effective as of the Effective Date.

GTN CAPITAL GROUP LLC

By: _____
 Name: _____
 Title: _____
Dated: _____

FRANCHISE:

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

(*Effective Date of this Agreement)

 [Print Name of Franchisee Entity]

By: _____
 [signature of person signing on behalf of entity]

Title of Signator: _____

DATED: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

 [signature of individual franchisee]

Print Name: _____

DATED: _____

 [signature of individual franchisee]

Print Name: _____

DATED: _____

EXHIBIT D

**GTN CAPITAL GROUP LLC
CO-BRAND FRANCHISE AGREEMENT**

TABLE OF CONTENTS

Section 1. DEFINITIONS	2
Section 2. GRANT OF LICENSE.....	4
2.1 GRANT	4
2.2 PROTECTED PROPERTY.....	4
2.3 FRANCHISEE CONTROL	5
2.4 GUARANTY	6
2.5 NO CONFLICT.....	6
Section 3. TERM.....	6
3.1 TERM.....	6
3.2 YOUR RIGHT TO ACQUIRE A RENEWAL FRANCHISE	6
Section 4. FEES.....	7
4.1 INITIAL FRANCHISE FEE	7
4.2 ROYALTY FEE.....	7
4.3 REDUCED ROYALTY FEE	7
4.4 TECHNOLOGY FEE.....	8
4.5 NERD ASSURE.....	8
4.6 MARKETING FUND CONTRIBUTIONS	8
4.7 REDUCED MARKETING FUND CONTRIBUTION.....	8
4.8 REPLACEMENT/ADDITIONAL TRAINING FEE.....	8
4.9 NON-COMPLIANCE FEE	9
4.10 DESIGN PLAN FEE.....	9
4.11 REIMBURSEMENT	9
4.12 PAYMENT TERMS	9
4.13 GOOD STANDING.....	10
4.14 DEFINITION OF GOOD STANDING.....	10
Section 5. ASSISTANCE.....	11
5.1 MANUAL	11
5.2 ASSISTANCE IN HIRING EMPLOYEES	11
5.3 ASSISTANCE IN TRAINING EMPLOYEES	11
5.4 PRE-OPENING ASSISTANCE	11
5.5 POST-OPENING ASSISTANCE	12
Section 6. BUSINESS, DEVELOPMENT, AND OPENING	12

6.1 DETERMINING BUSINESS AND TERRITORY	12
6.2 LEASE	12
6.3 DEVELOPMENT.....	13
6.4 NEW FRANCHISEE TRAINING	14
6.5 CONDITIONS TO OPENING	14
Section 7. OPERATIONS	15
7.1 COMPLIANCE WITH MANUAL AND SYSTEM STANDARDS	15
7.2 COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES	15
7.3 OFFERINGS AND SERVICES.....	15
7.4 PRICES	16
7.5 PERSONNEL	16
7.6 POST-OPENING TRAINING	16
7.7 ANNUAL CONVENTION	16
7.8 POST-OPENING TRAINING	17
7.9 HARDWARE AND SOFTWARE.....	17
7.10 CUSTOMER COMPLAINTS.....	18
7.11 EVALUATION AND COMPLIANCE PROGRAMS.....	18
7.12 PAYMENT SYSTEMS	19
7.13 GIFT CARDS, LOYALTY PROGRAMS, AND INCENTIVE PROGRAMS.....	19
7.14 MAINTENANCE AND REPAIR	19
7.15 REMODELING.....	19
7.16 VEHICLES.....	19
7.17 INSURANCE	20
7.18 OBLIGATIONS TO THIRD PARTIES.....	20
7.19 PUBLIC RELATIONS	20
7.20 NO OTHER ACTIVITY ASSOCIATED WITH THE LOCATION.....	20
7.21 NO THIRD PARTY MANAGEMENT.....	20
7.22 MEETINGS	21
7.23 INDEPENDENT CONTRACTOR.....	21
Section 8. SUPPLIERS AND VENDORS	22
8.1 GENERALLY	22
8.2 ALTERNATE VENDOR APPROVAL	22
8.3 ALTERNATE INPUT APPROVAL.....	22
8.4 PURCHASING.....	22

8.5 NO LIABILITY OF FRANCHISOR	22
8.6 PRODUCT RECALLS.....	22
Section 9. MARKETING.....	23
9.1 APPROVAL AND IMPLEMENTATION.....	23
9.2 SOCIAL MEDIA	23
9.3 BUSINESS TELEPHONE/SOCIAL MEDIA/PASSWORDS.....	23
9.4 ADDITIONAL DIGITAL ADVERTISING	23
9.5 USE BY GTN	23
9.6 MARKETING FUND.....	23
9.7 REQUIRED SPENDING	25
9.8 MARKET INTRODUCTION PLAN.....	25
9.9 LEAD GENERATION PROGRAM.....	26
Section 10. RECORDS AND REPORTS.....	26
10.1 SYSTEMS.....	26
10.2 REPORTS	26
10.3 INITIAL INVESTMENT REPORT	27
10.4 BUSINESS RECORDS.....	27
Section 11. FRANCHISOR RIGHTS	28
11.1 MANUAL; MODIFICATION	28
11.2 INSPECTIONS	28
11.3 OUR RIGHT TO AUDIT.....	28
11.4 GTN’S RIGHT TO CURE.....	29
11.5 RIGHT TO DISCONTINUE SUPPLIES UPON DEFAULT	29
11.6 DELEGATION	29
11.7 COMMUNICATION SYSTEMS	29
11.8 COMMUNICATION WITH EMPLOYEES	29
11.9 COMMUNICATIONS WITH LANDLORD AND LENDERS	29
11.10 SYSTEM VARIATION.....	29
11.11 BUSINESS DATA.....	30
Section 12. MARKS.....	30
12.1 AUTHORIZED MARKS	30
12.2 CHANGE OF MARKS.....	30
12.3 INFRINGEMENT	31
12.4 NAME.....	31

Section 13. COVENANTS.....	31
13.1 CONFIDENTIAL INFORMATION.....	31
13.2 COVENANTS NOT TO COMPETE.....	34
Section 14. DEFAULT AND TERMINATION	34
14.1 TERMINATION BY GTN.....	34
14.2 INTERIM REMEDIES	36
14.3 EFFECT OF TERMINATION	38
14.4 DE-IDENTIFICATION.....	39
14.5 CUSTOMER MANAGEMENT TOOLS.....	39
14.6 OTHER CLAIMS.....	40
14.7 PURCHASE OPTION.....	40
Section 15. TRANSFERS	40
15.1 BY GTN	40
15.2 BY FRANCHISEE	40
15.3 TRANSFER FOR CONVENIENCE OF OWNERSHIP.....	43
15.4 TRANSFER UPON DEATH OR INCAPACITY	43
15.5 GTN’S RIGHT OF FIRST REFUSAL.....	43
15.6 NO SUBLICENSE	43
15.7 NO LIEN ON AGREEMENT	43
Section 16. INDEMNITY	43
16.1 INDEMNITY.....	43
Section 17. DISPUTE RESOLUTION.....	45
17.1 ARBITRATION	45
17.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL	46
17.3 WAIVER OF CLASS ACTIONS	47
17.4 TIME LIMITATION	47
17.5 VENUE OTHER THAN ARBITRATION	47
17.6 LEGAL COSTS.....	47
Section 18. MISCELLANEOUS.....	47
18.1 NO LIABILITY FOR ACTS OF OTHER PARTIES	47
18.2 ENTIRE AGREEMENT	48
18.3 MODIFICATION	49
18.4 CONSENT WAIVER.....	49
18.5 CUMULATIVE REMEDIES	49

18.6 SEVERABILITY.....	50
18.7 GOVERNING LAW.....	50
18.8 NOTICES	51
18.9 HOLDOVER	51
18.10 JOINT AND SEVERAL LIABILITY	51
18.11 NO OFFER AND ACCEPTANCE	51
Section 19. COMPLIANCE WITH ANTI-TERRORISM LAWS	52
Section 20. LIMITED LIABILITY	52
Section 21. CERTIFICATION OF FRANCHISOR’S COMPLIANCE.....	52

ATTACHMENTS

Attachment A TERRITORY OWNERSHIP INFORMATION

Attachment B OWNERSHIP INFORMATION

Attachment C KEY MANAGEMENT EMPLOYEE DESIGNATION

Attachment D CONFIDENTIALITY AND NON-COMPETE AGREEMENT

Attachment E GUARANTY AND ASSUMPTION OF OBLIGATIONS

Attachment F RENEWAL ADDENDUM

Attachment G ELECTRONIC FUNDS TRANSFER

Attachment H ACKNOWLEDGMENT OF UNDERSTANDING BY FRANCHISEE REGARDING
TRAINING AND JOINT EMPLOYMENT

Attachment I TRANSFER ADDENDUM

CO-BRAND FRANCHISE AGREEMENT

This Co-Brand Franchise Agreement (“Agreement”) is made between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”), and Franchisee effective as of the date signed by GTN (the “**Effective Date**”).

Background Statement:

A. GTN and its affiliate Nerds To Go, Inc. have created and own a system (the “**System**”) for developing and operating as a managed service provider and a technology and computer repair and service business under the trade name “NerdsToGo”.

B. The System includes (1) methods, procedures, and standards for developing and operating a NerdsToGo Office, (2) plans, specifications, equipment, signage, and trade dress for NerdsToGo Offices, (3) products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by GTN from time to time.

C. The parties desire that GTN license the Marks and the System to Franchisee for Franchisee to develop and operate a NerdsToGo Office on the terms and conditions of this Agreement.

D. Franchisee operates a business under the name of _____ (“Existing Business”) which engages in _____ (the “Existing Services”). Franchisee’s core business at the Existing Business is _____ (“Core Business”).

E. Franchisee’s Existing Services includes the business described in paragraph A above (the “Included Business”).

F. Franchisee desires to establish an exclusive franchise and Co-Branding relationship with GTN while maintaining and operating your Existing Business (the “**Co-Brand Relationship**”); and the Co-Brand Relationship will include the Included Business but will not include the other aspects of your Existing Business’s Core Business.

G. As a franchise principal of a NerdsToGo Co-Brand Franchised Business, Franchisee will comply with this Agreement and all System Standards (defined below) to maintain the high and consistent quality that is critical to attracting and keeping customers for NerdsToGo Offices.

H. Franchisee applied for a franchise to license and operate a NerdsToGo Co-Brand Franchised Business.

I. Franchisee will conduct the Co-Brand Franchised Business opened under this Agreement at the Existing Business.

J. “**Co-Brand FRANCHISED BUSINESS**” refers to the business described in 1.A.(1) above and excludes reference to your Existing Business.

Section 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment, or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by GTN.

“**Competitor**” means any business offering managed service provider services and computer and technology repair or service.

“**Confidential Information**” means all non-public information of or about the System, GTN, and any NerdsToGo Office, including all methods for developing and operating the Franchised Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Franchised Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash, credit, check and debit card, barter exchange, trade credit, items of financial or non-financial benefits to Franchisee, or other credit transactions. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, or (iii) sales of used equipment not in the ordinary course of business.

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Franchised Business.

“**Co-Brand Franchised Business**” means the NerdsToGo Co-Brand Franchised Business owned by Franchisee and operated under this Agreement.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of GTN’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means GTN’s confidential Operating Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established by GTN into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, Marks, service marks and logos specified by GTN from time to time for use in a NerdsToGo Office.

“**NerdAssure**” is GTN’s managed services offering. NerdAssure consists of a variety of integrated services including software and technology components that will proactively monitor the customers’ IT infrastructure, help detect problems and provide remote control access. Additionally, NerdAssure provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up and disaster recovery and account management support. NerdAssure provides reports on performance optimization of the customers’ systems regardless of whether the customers’ technology is premised-based, in the cloud or a combination (hybrid). The revenue generated from NerdAssure each month will be recurring revenue for the Franchisee.

“**NerdsToGo Office**” or “**NerdsToGo Offices**” is all NerdsToGo Offices, Conversion Franchises and Co-Brand Franchised Businesses.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Professional Services Automation Software**” refers to GTN’s software system which Franchisee shall use to operate, record and manage all business operational activity.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Franchised Business to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, décor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new NerdsToGo Office.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which GTN requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by GTN, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, data protection and privacy, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days and hours, presentation of Marks, product and service offerings, quality of products and services (including any guaranty and warranty programs), reporting, safety, technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and Internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the location of Co-Brand Franchised Business as stated on **Attachment A**

to this Agreement.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all the assets of the Co-Brand Franchised Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in Franchisee; or (iv) control of the Co-Brand Franchised Business.

Section 2. GRANT OF LICENSE

2.1 GRANT. Franchisee has applied for a franchise to license and operate a NerdsToGo Office at the site identified on **Attachment A** to this Agreement. Subject to this Agreement’s terms, GTN grants Franchisee a NerdsToGo Office to operate at the Co-Brand Franchised Business, and to use the System in its operation, for a term beginning on the Effective Date and expiring ten (10) years from that date, unless sooner terminated as provided herein. Franchisee may use the Co-Brand Franchised Business only for the NerdsToGo Office. Franchisee always agrees to perform Franchisee’s obligations faithfully, honestly, and diligently under this Agreement and to use Franchisee’s best efforts to promote the Co-Brand Franchised Business.

There are no restrictions in this Agreement that prevent Franchisee from soliciting business outside of Franchisee’s Territory, but Franchisee does not have the right to use other channels of distribution to make sales outside of Franchisee’s Territory. There are also no restrictions that prohibit Franchisor or any other franchisee from soliciting business within Franchisee’s Territory. Franchisee should focus on soliciting business in Franchisee’s Territory.

2.2 PROTECTED PROPERTY. The Territory for a Co-Brand Franchised Business will be a defined area as determined by GTN. Franchisee’s Territory will be based on the sales of Franchisee Existing Business, and the size of the market. The business counts may be less for Franchisee’s Territory than the business counts for a new NerdsToGo Office. We will designate and describe Franchisee’s Territory in **Attachment A** to this Agreement.

(i) Exclusivity. Except as expressly limited by Subsection 2.2 above, GTN and its affiliates retain all rights with respect to NerdsToGo Office, the Marks, the sale of similar or dissimilar products and services, and any other activities that GTN deems appropriate. Specifically, but without limitation, GTN reserves the following rights: (i) the right to operate, or franchise others to operate, similar or competitive businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(ii) serve (or authorize other franchisees to serve) customers in the Territory if Franchisee is in default;

(iii) serve (or authorize other franchisees to serve) a particular customer in the Territory (A) if Franchisee is not available to service the call within the time requirements we specify, (B) if the customer makes a special request which GTN elects to honor, (C) GTN determines it necessary based on the experience and skills necessary to perform the requested services, or (D) the customer is a

national account or regional account customer and Franchisee is not participating in the account program for the customer.

(iv) the right to operate, or franchise others to operate, other dissimilar businesses located inside or outside the Territory under trademarks or service marks other than the Marks;

(v) the right to sell products or services anywhere that are like those sold by NerdsToGo Offices, but under trademarks or service marks other than the Marks;

(vi) the right to sell products and services anywhere that are like those sold by NerdsToGo franchisees, which products and services are sold under the Marks but through dissimilar distribution channels (including without limitation via the general or specialty retailers, the Internet or other electronic media);

(vii) the right to sell products and services anywhere that are dissimilar from those sold by NerdsToGo Offices, but under the Marks or any other trademarks or service marks;

(xii) the right to operate, and to grant others the right to operate NerdsToGo Offices located anywhere outside the Territory;

(xiii) the right to acquire the assets or ownership interests of one (1) or more businesses providing products and services similar to those provided at NerdsToGo Offices, and franchising, licensing or creating similar arrangements with respect to these businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Territory); and

(xiv) the right to be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction), by a business providing products and services similar to those provided at NerdsToGo Offices, or by another business, even if such business operates, franchises and/or licenses competitive businesses in the Territory.

2.3 FRANCHISEE CONTROL. Franchisee represents that **Attachment B** to this Agreement (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each Owner's interest in Franchisee. If any information on **Attachment B** to this Agreement changes (which is not a Transfer), Franchisee shall notify GTN within ten (10) days.

Franchisee agrees that the person designated as the "Principal Executive" is the executive primarily responsible for the Co-Brand Franchised Business and has decision-making authority on behalf of Franchisee. The Principal Executive must have at least ten percent (10%) ownership interest in Franchisee. The Principal Executive must devote full-time and attention to the Co-Brand Franchised Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for

the Co-Brand Franchised Business, Franchisee shall promptly designate a new Principal Executive subject to GTN's reasonable approval, or designate a Key Designated Employee as described below.

If Franchisee or Franchisee's Principal Executive chooses not to give their full time, best efforts and constant personal attention to the operation of the Co-Brand Franchised Business, Franchisee will designate, in writing, an individual ("**Designated Manager**") who must be pre-approved by GTN, and who will be responsible for the day-to-day operations of the Co-Brand Franchised Business. The Designated Manager must sign the Key Management Employee Designation form attached to this Agreement as **Attachment C**. The Designated Manager will devote his or her full time, best efforts and constant personal attention to the day-to-day operations of the Franchised Business in the event Franchisee or Franchisee's Principal Executive do not participate in the full-time operation of the Co-Brand Franchised Business. The Designated Manager must sign the Confidentiality and Non-Compete Agreement attached as **Attachment D**.

GTN may require that Franchisee's Designated Manager cease to act in such capacity if he or she does not satisfactorily complete GTN's initial and ongoing training programs. If at any time the Designated Manager is not able to continue to serve in such capacity or no longer qualifies to act as Designated Manager, Franchisee will promptly notify GTN and shall designate a replacement Designated Manager within thirty (30) days. Should a replacement be required for the Designated Manager, the replacement will be required to attend and complete training.

2.4 GUARANTY. If Franchisee is an entity, then Franchisee shall have each Owner sign a Guaranty and Assumption of Obligations of Franchisee's obligations to GTN, in the form of **Attachment E** to this Agreement.

2.5 NO CONFLICT. Franchisee represents to GTN that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, and (ii) are not a direct or indirect Owner of any Competitor.

Section 3. TERM

3.1 TERM. This Agreement commences on the Effective Date and continues for ten (10) years ("**Term**") unless terminated earlier in accordance with the terms of the Agreement.

3.2 YOUR RIGHT TO ACQUIRE A RENEWAL FRANCHISE.

If Franchisee meets certain conditions, then Franchisee will have the option to acquire one (1) renewal term ("**Renewal Term**"). The Renewal Term will be ten (10) years. The qualifications and conditions for the renewal Term are described below.

When this Agreement expires:

- (i) Franchisee notifies GTN of the election to renew no more than three hundred sixty-five (365) days and no less than two hundred forty (240) days prior to the

end of the Term;

- (ii) Franchisee (and its affiliates) is in compliance with this Agreement and all other agreements with GTN (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a time acceptable to GTN) renovations and changes to the Franchised Business as GTN requires (including a Remodel of a Local Service Center Model, if applicable) to conform to the then- current System Standards;
- (iv) Franchisee and its Owners execute GTN's then-current standard form of franchise agreement, "renewal addendum" (attached to this Agreement in the form of **Attachment F**), and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), provided in lieu of the initial franchise fee, Franchisee will pay a renewal fee in an amount equal to no more than fifteen percent (15%) of the initial franchise fee being charged to new franchisees under the NerdsToGo System and will not receive more renewal terms than described in this Subsection; and
- (v) Franchisee and each Owner executes a general release (on GTN's then-standard form) of any claims against GTN, its affiliates, and their respective Owners, officers, directors, agents and employees.

Section 4. FEES

4.1 INITIAL FRANCHISE FEE. Upon signing this Agreement, Franchisee shall pay GTN a nonrecurring and non-refundable initial franchise fee in the amount of _____ dollars (\$___). This initial franchise fee is due, and fully earned by GTN when Franchisee signs this Agreement.

4.2 ROYALTY FEE. Gross Sales of the Franchised Business shall be reported monthly to GTN through the Computer System by the fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to three- and one-half percent (3.5%) of Gross Sales ("**Reduced Royalty Fee**") for the first twelve (12) months that the Franchised Business is open. Beginning the thirteenth (13th) month through the end of the Term of the Agreement, Franchisee shall pay GTN a monthly royalty fee equal to the greater of one thousand dollars (\$1,000) or seven percent (7%) of Gross Sales ("**Royalty Fee**"). The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

4.3 REDUCED ROYALTY FEE. Franchisee must be in "Good Standing" (as described in Subsection below) to be eligible for the Reduced Royalty Fee described above each month during the first twelve (12) months the Franchised Business is open. If Franchisee is not in "Good Standing" at any time during this twelve (12) month period, the monthly Reduced Royalty

Fee will increase to the Royalty Fee of seven percent (7%) of Gross Sales in addition to all other remedies available to GTN.

4.4 TECHNOLOGY FEE. Franchisee shall pay GTN a monthly fee of currently of two hundred fifty dollars (\$250) (the “**Technology Fee**”) due on the fifth (5th) day of the month for use of GTN’s backend system known as “NerdNet”. As of the date of this Agreement, the Technology Fee includes NerdNet, four (4) email addresses and a site license for GTN’s Professional Services Automation (“**PSA**”) software for up to four (4) users per site. If Franchisee chooses to have more than four (4) users per site, each additional user will be at a cost of thirty-five (\$35.00) per user. GTN reserves the right to modify NerdNet and its functionality at any time, at GTN’s sole discretion. GTN may increase the Technology Fee in its reasonable discretion. GTN will provide Franchisee with one hundred eighty (180) days’ prior notice of GTN’s decision to increase the Technology Fee. GTN may charge extra for additional email addresses and licenses.

4.5 NERDASSURE. Franchisee shall pay to GTN a fee for the NerdAssure Managed Services Remote Monitoring and Management (“**RMM**”) Software agents used directly or indirectly by the Franchisee. Currently, the fee paid to Franchisor is six dollars (\$6) per RMM (“**RMM Fee**”) agent per month depending on volume. Franchisee must purchase a minimum of five (5) RMM licenses. GTN reserves the right to increase the minimum required RMM licenses and/or the RMM Fee. GTN will provide Franchisee with ninety (90) days’ prior written notice of GTN’s decision to increase the minimum required RMM licenses. To maintain consistency and integrity of Franchisor’s managed services solution, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

4.6 MARKETING FUND CONTRIBUTIONS. Franchisee shall pay GTN a contribution to the Marketing Fund (“**Marketing Fund Contribution**”). Franchisee agrees to contribute to the Marketing Fund one percent (1%) (“**Reduced Marketing Fund Contribution**”) of the Co-Brand Franchised Business’s Gross Sales for the first twelve (12) months the Franchised Business is open, payable in the same manner as the Royalty Fee. Beginning the thirteenth (13th) month through the end of the term of the Agreement, Franchisee agrees to contribute to the full Marketing Fund Contribution of two percent (2%) of the Co-Brand Franchised Business’s Gross Sales (“**Marketing Fund Contribution**”).

4.7 REDUCED MARKETING FUND CONTRIBUTION. Franchisee must be in “Good Standing” (as described below) with the Agreement to be eligible for the Reduced Marketing Fund Contribution described above during the first twelve (12) months the Franchised Business is open. If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Marketing Fund Contribution will increase to the Marketing Fund Contribution of two percent (2%) in addition to all other remedies available to us.

4.8 REPLACEMENT/ADDITIONAL TRAINING FEE. If Franchisee sends an employee to GTN’s training program after opening, or if in GTN’s judgment any trainee fails to successfully complete any part of the training program the trainee must repeat that portion of the training program until successful completion of all portions, at Franchisee’s expense. Franchisee is responsible for arranging and paying the expenses for transportation, meals and lodging while attending the training program. GTN may charge its then-current training fee. As of the date of

this Agreement, the training fee is six hundred dollars (\$600) per person per day.

4.9 NON-COMPLIANCE FEE If Franchisee is in default of any provision of this Agreement and Franchisee fails to timely cure the default following GTN's notice to Franchisee, GTN may, at GTN's option, elect to charge a non-compliance fee of two percent (2%) of Franchisee's Co-Brand Franchised Business's Gross Sales payable to GTN in the same manner as the Royalty Fee and a non-compliance fee of a half percent (.5%) of the Co-Brand Franchised Business's Gross Sales payable to GTN in the same manner as the Marketing Fund Contribution until Franchisee cures the default. GTN will provide written notice to Franchisee prior to charging the non-compliance fee. If Franchisee is in default and paying the non-compliance fee, GTN may terminate this Agreement at any time if Franchisee fails to cure the default. The non-compliance fee is in addition to all GTN's other rights and remedies (including default and termination under Subsection 14.1).

4.10 DESIGN PLAN FEE. Before Franchisee opens the Co-Brand Franchised Business, Franchisee must pay GTN a non-refundable fee of ~~one thousand five hundred dollars~~ (~~\$1,000~~500) for a preliminary space plan drawing for the Co-Brand Franchised Business. The design plan drawings do not include electrical, plumbing, mechanical engineering services, Title 24 or other requirements of the state or municipality, and the plans are not sealed by an architect.

4.11 REIMBURSEMENT. GTN may (but is never obligated to) pay on Franchisee's behalf any amount that Franchisee owes to a supplier or other third party. If GTN does so or intends to do so, Franchisee shall pay such amount plus a ten percent (10%) administrative charge to GTN within fifteen (15) days after invoice by GTN accompanied by reasonable documentation.

4.12 PAYMENT TERMS.

(a) Method of Payment. Before the Co-Brand Franchised Business opens, Franchisee agrees to sign and deliver to GTN the documents GTN requires (including **Attachment G** to this Agreement) to authorize GTN to debit Franchisee's checking account for the Co-Brand Franchised Business automatically for the Royalty Fee, Technology Fee, Marketing Fund Contribution, and any other amounts due under this Agreement and for Franchisee's purchases from GTN, and GTN's affiliates (the "**Electronic Funds Transfer Account**" or "**EFTA**"). GTN will debit the EFTA for these amounts on their due dates. Franchisee agrees to ensure that funds are available in the EFTA to cover GTN's withdrawals.

(b) Calculation of Fees. Gross Sales of the Co-Brand Franchised Business shall be reported monthly to GTN through the Co-Brand Franchised Business Computer System by fifth (5th) day of the following month. If Franchisee fails to report monthly Gross Sales on-time, then a) GTN may charge two hundred fifty dollars (\$250) per week until the report is made, and b) GTN may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to greater of (i) one thousand dollars (\$1,000) or (ii) one hundred twenty-five percent (125%) of the last Gross Sales reported to GTN, and the parties will true-up the actual fees after Franchisee reports Gross Sales unless the Computer System allows GTN to pull monthly reports electronically. Franchisee acknowledges that GTN has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on-time, Franchisee shall pay a two hundred fifty dollars (\$250) “late fee”. All amounts which Franchisee owes GTN for any reason, will bear interest accruing as of their original due date at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. GTN may debit Franchisee’s bank account for the Co-Brand Franchised Business automatically for late fees and interest. Franchisee acknowledges that this Subsection is not GTN’s agreement to accept any payments after they are due or GTN’s commitment to extend credit to, or otherwise finance Franchisee’s operation of the Co-Brand Franchised Business.

(d) Insufficient Funds. If there are insufficient funds in the EFTA to cover any such amount owed (or, if Franchisee is paying by check and a check is returned for insufficient funds), Franchisee stops payment on the EFTA (or check), closes the EFTA, or requests GTN not to process the EFTA GTN will charge Franchisee a processing fee as prescribed in the Manual per withdrawal or amount to compensate GTN for GTN’s additional administrative expenses. This amount is currently one hundred dollars (\$100) but is subject to change. GTN may require Franchisee to pay any amounts due under this Agreement or otherwise by means other than automatic debit (e.g., by check) whenever GTN deems appropriate, and Franchisee agrees to comply with GTN’s payment instructions.

(e) Costs of Collection. Franchisee shall repay any costs incurred by GTN (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. GTN may apply any payment received from Franchisee to any obligation and in any order as GTN may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to GTN any fees or amounts described in this Agreement are not dependent on GTN’s performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

4.13 GOOD STANDING. Franchisee must be in “**Good Standing**” (as described below) with the Agreement to be eligible for the Reduced Royalty Fee and the Reduced Marketing Fund Contribution for the first twelve (12) months the Franchised Business is open for business (as described above). If Franchisee is not in “Good Standing” at any time during this twelve (12) month period, the monthly Reduced Royalty Fee and the Reduced Marketing Fund Contribution will increase to the full Royalty Fee and Marketing Fund Contribution (described above).

4.14 DEFINITION OF GOOD STANDING. The term “**Good Standing**” means that Franchisee does not owe any Royalty Fees, Marketing Fund Contributions, Technology Fees, or any other monetary obligations to GTN more than thirty (30) days and Franchisee is following all of Franchisee’s other obligations under the Agreement and any other agreement with GTN, including timely reporting of Gross Sales. Franchisee is not in “Good Standing” if Franchisee makes partial payments to GTN, but still has amounts outstanding more than thirty (30) days.

Section 5. ASSISTANCE

5.1 MANUAL. GTN shall make its Manual available to Franchisee in electronic format.

5.2 ASSISTANCE IN HIRING EMPLOYEES. GTN shall provide its minimum staffing levels to Franchisee. GTN shall provide suggested guidelines for hiring employees. All hiring decisions and conditions of employment are Franchisee's sole responsibility.

5.3 ASSISTANCE IN TRAINING EMPLOYEES. GTN shall, to the extent it deems appropriate, provide programs for Franchisee to conduct training of new employees.

5.4 PRE-OPENING ASSISTANCE.

(a) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period after the Effective Date, GTN shall provide Franchisee with (i) GTN's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as GTN deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) GTN's lists of Approved Vendors and/or Required Vendors.

(b) Business Plan Review. If requested by Franchisee, GTN shall review and advise Franchisee on Franchisee's pre-opening business plan and financial projections. Franchisee acknowledges that GTN accepts no responsibility for the performance of the Co-Brand Franchised Business.

(c) Pre-Opening Training. GTN shall make available its standard pre-opening training to the Principal Executive and up to three other employees, is held virtually and at GTN's headquarters and at a NerdsToGo Office designated by GTN. GTN shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. GTN reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program. GTN reserves the right to convert certain content or all the content of the traditional classroom training to live instructor led virtual training. The pre-opening training is to protect and maintain the System Standards (defined) below and the Marks are not to control the day-to-day operation of Franchisee's Co-Brand Franchised Business. Franchisee, Franchisee's Principal Executive and Owners agree to sign **Attachment H** to this Agreement, Acknowledgment of Understanding by Franchisee Regarding Training and Joint Employment, to acknowledge this.

(d) Market Introduction Plan. GTN shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan.

5.5 POST-OPENING ASSISTANCE.

(f) Advice, Consulting, and Support. If Franchisee requests, GTN will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's Co-Brand Franchised Business, and resolving operating problems Franchisee encounters, to the extent GTN deems reasonable. If GTN provides in-person support in response to Franchisee's request, GTN may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing on-site support).

(g) Pricing. Upon request, GTN will assist in establishing recommended prices for products and services offered by franchisees of the NerdsToGo System.

(h) Procedures. GTN will provide Franchisee with GTN's recommended administrative, bookkeeping, accounting, and inventory control procedures. GTN may make any such procedures part of required (and not merely recommended) System Standards.

(i) Marketing. GTN shall manage the Marketing Fund.

(j) Internet. GTN shall maintain a website for NerdsToGo, which will include Franchisee's Co-Brand Franchised Business (or Territory).

Section 6. CO-BRAND FRANCHISED BUSINESS, DEVELOPMENT, AND OPENING

6.1 DETERMINING CO-BRAND FRANCHISED BUSINESS AND TERRITORY.

Your Co-Brand Franchised Business will be located at the Premises. You agree to bear the cost and expense for making all alterations, modifications, and improvements as we deem necessary to develop the Co-Brand Franchised Business at the Premises. You acknowledge and agree that our approval of the Premises for the operation of the Co-Brand Franchised Business does not guarantee success.

6.2 LEASE

If the Lease expires or is terminated without your fault, or if the site for the Premises is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Co-Brand Franchised Business to a new site acceptable to us. Any relocation will be at your sole expense, and we may charge you for the reasonable costs we incur, plus a reasonable fee (as set forth in the Manual) for our services, in connection with any relocation of the Co-Brand Franchised Business. Any relocation address must be presented to GTN for review and approval. All relocation approvals must be in writing; you should not execute any binding legal documents or move your Franchised Business until the relocation Site has been approved in writing by GTN. GTN may withhold approval of any relocation site for any reason that GTN, in the exercise of its reasonable business judgment, deems necessary.

We may elect in our sole discretion to change your Protected Territory in conjunction with an approved relocation if your proposed relocation site is outside of your Protected Territory or close to the boundary of your Protected Territory. After the relocation is complete, you must provide us with photographic evidence that you have implemented the NerdsToGo brand

standards (“Brand Standards”) in your reception area. We may elect not to change your address on your website until the Brand Standards are implemented and supporting photographic evidence has been provided to us.

Franchisee is not permitted to operate the Co-Brand Franchised Business under a month-to-month lease without GTN’s prior written approval. If Franchisee is purchasing the site for the Co-Brand Franchised Business, Franchisee must submit the contract of sale to GTN for approval prior to Franchisee signing it and Franchisee must deliver to GTN a signed copy of the contract of sale within ten (10) days after execution. The Co-Brand relocation site must be approved by us in writing. If you purchase a building in conjunction with your relocation, the entity that owns the building must be separate and distinct from the Franchisee’s entity. We must approve the lease that you use in connection with the Franchised Business and the lease must include our Required Lease Terms.

6.3 DEVELOPMENT. Within forty-five (45) days of Franchisee’s execution of this Agreement, Franchisee agree to make all alterations, modifications and improvements to the Co-Brand Franchised Business as reasonably requested by GTN, which shall include, but not be limited to, adding signage meeting the current standards of the Franchise System; using/creating stationery, forms, invoices, business cards and all other written materials used in the managed service provider, and computer and technology repair business with materials meeting our standards for such items; obtaining and replacing such computer hardware, software and other equipment (at your option), meeting our specifications and standards necessary to operate the Co-Brand Franchised Business under the Franchise System.

Franchisee shall be responsible for obtaining and maintaining all zoning classifications and clearances which may be required by state, provincial, or local laws, ordinances, or regulations or which may be necessary or advisable because of any restrictive covenants relating to the Premises. Franchisee agrees to obtain and maintain all permits, licenses and certifications required for the lawful operation of the Co-Brand Franchised Business. Franchisee will certify in writing to GTN that the insurance coverage specified in Subsection of this Agreement is in full force and effect and that all required approvals, clearances, permits, and certifications related thereto have been obtained within thirty (30) days after the Effective Date. Upon request, Franchisee agrees to promptly provide to GNT additional copies of your insurance policies or certificates of insurance and copies of all the foregoing approvals, clearances, permits, licenses and certifications.

GTN will give you mandatory and suggested specifications and layouts for a Co-Brand Franchised Business, including requirements for dimensions, design, image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. These plans might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the Americans with Disabilities Act (the “**ADA**”) or similar rules governing public accommodations for persons with disabilities. It is Franchisee’s responsibility to prepare a site survey (at Franchisee’s expense if the landlord does not provide and bear the cost of this) and all required construction plans and specifications to suit the Premises and to make sure that these plans and specifications comply with the ADA and similar rules governing public accommodations for persons with disabilities, other applicable ordinances, building codes, Title 24, permit requirements, and Lease requirements and restrictions. GTN will not charge you for the cost of the first revision of the plans, but GTN may charge Franchisee for the cost of any additional revisions.

Because GTN’s review is limited to ensuring Franchisee’s compliance with GTN’s design requirements, it might not assess compliance with federal, state, or local laws and regulations, including the ADA, as compliance with these laws are Franchisee’s responsibility. GTN may inspect the Premises while Franchisee is developing the Co-Brand Franchised Business.

Franchisee agrees to do the following, at your own expense, to develop the Co-Brand Franchised Business at the Premises:

- a. secure all financing required to develop and operate the Co-Brand Franchised Business;
- b. obtain all required building, utility, sign, health, sanitation, business, EPA and other permits and licenses;

- c. construct all required improvements to the Premises and decorate the Co-Brand Franchised Business according to approved plans and specifications;
- d. obtain all customary contractor's sworn statements and partial and final waivers of lien for construction, remodeling, decorating, and installation services;
- e. purchase or lease, and install, all required fixtures, furniture, equipment (including a required or recommended computer, facsimile, and center management system), furnishings, and signs (collectively, "**Operating Assets**") for the Co-Brand Franchised Business; and
- f. purchase an opening inventory of authorized and approved products, materials, and supplies to operate the Co-Brand Franchised Business naming GTN as an additional insured.

6.4 NEW FRANCHISEE TRAINING. Franchisee's Principal Executive or Designated Manager (if applicable) must complete GTN's training program for new franchisees to GTN's satisfaction at least four (4) weeks before opening the Co-Brand Franchised Business.

6.5 CONDITIONS TO OPENING.

Franchisee agrees not to open the Co-Brand Franchised Business until:

GTN notifies Franchisee in writing that the Co-Brand Franchised Business meets GTN's standards and specifications (although GTN's acceptance is not a representation or warranty, express or implied, that the Co-Brand Franchised Business complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, rules, regulations, requirements, or recommendations nor a waiver of GTN's right to require continuing compliance with GTN requirements, standards, or policies);

- a. Franchisee's required attendees satisfactorily complete training as described in Subsection 6.4 of this Agreement;
- b. Franchisee pays the initial franchise fee and other amounts then due to GTN;
- c. Franchisee provides a voided check and the electronic fund transfer authorization to GTN; and
- d. Franchisee gives GTN certificates for all required insurance policies.

With respect to the Co-Brand Franchised Business, Franchisee acknowledges that time is of the essence. Subject to Franchisee's compliance with the pre-opening obligations described in Subsection 6.9, Franchisee agrees to complete construction and commence operating the Co-Brand Franchised Business under the Franchise System within ninety days after the Effective Date, unless Franchisee obtains an extension of such time from GTN. GTN will inspect the Co-

Brand Franchised Business before Franchisee commences operation to determine whether Franchisee has complied with GTN's specifications and standards for operating a Co-Brand Franchised Business. GTN has the right to prohibit Franchisee from commencing operation of the Co-Brand Franchised Business in the event Franchisee fails to comply with such pre-opening obligations.

If Franchisee fails to open the Co-Brand Franchised Business within ninety (90) days after the Effective Date, GTN has the right to terminate this Agreement (see Subsections 14.1 (e)iv and vi).

Section 7. OPERATIONS

7.1 COMPLIANCE WITH MANUAL AND SYSTEM STANDARDS.

Franchisee shall always and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards.

7.2 COMPLIANCE WITH LAW AND GOOD BUSINESS PRACTICES.

Franchisee will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Co-Brand Franchised Business and operate the Co-Brand Franchised Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, government regulations relating to wage and hour laws, the Equal Employment Opportunity Commission, the National Labor Relations Act, the Fair Labor Standards Act, Family and Medical Leave Act, occupational hazards, health, worker's compensation and unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. Franchisee is solely responsible for the safety and well-being of Franchisee's employees and the customers of the Co-Brand Franchised Business. It is Franchisee's responsibility to make sure that Franchisee follows all laws that are applicable to the Co-Brand Franchised Business's management system or other technology used in the operation of the Co-Brand Franchised Business, including data protection or security laws as well as PCI compliance. All advertising and promotion by Franchisee must be completely factual and must conform to the highest standards of ethical advertising. The Co-Brand Franchised Business must in all dealings with its customers, suppliers, GTN and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practices which may be injurious to GTN's business, and the goodwill associated with the Marks and other NerdsToGo Offices. Franchisee must notify GTN in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which may adversely affect Franchisee's operation or financial condition or that of the Co-Brand Franchised Business and of any notice of violation of any law, ordinance, or regulation relating to the Co-Brand Franchised Business.

7.3 OFFERINGS AND SERVICES. Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by GTN in the Manual or otherwise in writing. Franchisee shall implement any guaranties, warranties, or similar commitments regarding products and/or services that GTN may require. Franchisee shall perform all services in the manner prescribed by GTN. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

7.4 PRICES. GTN may require Franchisee to offer products and services at specific prices determined by GTN if GTN is promoting such products and services on a national, regional, or local market basis, for the duration of the promotion (but only to the extent permitted by applicable law).

7.5 PERSONNEL.

(a) Management. The Franchised Business must always be under the on-site supervision of the Principal Executive or a Designated Manager who has completed GTN's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance, and hygiene standards outlined in the Manual.

(d) Qualifications. GTN may set minimum qualifications for categories of employees employed by Franchisee to ensure consistency and compliance with System Standards.

(e) Background Checks. Franchisee must obtain background checks on all employees as further described in applicable System Standards.

(f) Drivers. Franchisee shall ensure that any employee who drives a vehicle for the Co-Brand Franchised Business is properly licensed and meets all System Standards applicable to drivers.

(g) Staffing. Franchisee shall, at a minimum, staff the Co-Brand Franchised Business as follows:

(i) Owner. Must have one (1) Owner engaged full-time in management, operations, and sales/business development;

(ii) Technology Expert. May have at least one (1) person (other than an Owner) as a full-time Technology Expert; and

7.6 POST-OPENING TRAINING. GTN may require that the Principal Executive attend and complete satisfactorily various training courses that GTN periodically chooses to provide at the times and locations GTN designates. At Franchisee's option and expense, Franchisee may send previously trained and experienced employees to these training courses. GTN may charge reasonable registration fees for these courses to defray costs.

7.7 ANNUAL CONVENTION. GTN may, as it deems necessary in its sole discretion, hold an annual convention at a location to be selected by GTN ("**Annual Convention**"). GTN shall (i) attend the Annual Convention held each year (ii) pay GTN'S then-current registration fee for attendance; and (iii) determine the topics and agenda for such Annual Convention to serve

the purpose among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and GTN's personnel regarding franchised business operations and programs, and recognizing franchisees for their achievements.

Franchisee will pay a “**Convention Non-Attendance Fee**” of one thousand dollars (\$1,000) if Franchisee does not attend the Annual Convention. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Annual Convention, and lodging, meals, and salaries during the Annual Convention, are Franchisee's sole responsibility.

7.8 POST-OPENING TRAINING. Franchisee agrees to pay all registration fees, charges, and costs to attend. In addition, Franchisee agrees to pay all travel and living expenses that Franchisee and Franchisee's employees incur during all training courses and programs. Franchisee understands and agrees that any specific ongoing training or guidance GTN provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all which GTN may discontinue and modify from time to time.

7.9 HARDWARE AND SOFTWARE. Without limiting the generality of Subsection 7.1 or Subsection 8.1, Franchisee shall obtain and use computer hardware and operating software GTN specifies from time to time (the “**Computer System**”). Franchisee shall enter into any subscription and support agreements that GTN may require. Franchisor may modify specifications for components of the Computer System. Franchisee also agrees to use the email system and address GTN specifies.

GTN may modify specifications for and components of the Computer System. GTN's modification of specifications for the Computer System and/or other technological developments or events might require Franchisee to purchase, lease, and/or license new or modified computer hardware and/or software and obtain service and support for the Computer System. Although GTN cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining Term, Franchisee agrees to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support. GTN has no obligation to reimburse you for any Computer System costs. Within ninety (90) days after Franchisee receives notice from GTN, Franchisee agrees to obtain the Computer System components that GTN designates and to ensure that Franchisee's Computer System, as modified, is functioning correctly.

Even though Franchisee agrees to buy, use, and maintain the Computer System according to GTN's standards and specifications, Franchisee will have sole and complete responsibility for (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) how Franchisee's Computer System interfaces with GTN's and any third party's computer system; (3) any consequences if the Computer System is not properly operated, maintained, and upgraded; and (iv) protect the confidentiality and security of the Computer System and abide by any System Standards related to it.

Franchisee shall give GTN unlimited read access to Franchisee's point-of-sale system and other software systems used in the Co-Brand Franchised Business by any means designated by GTN.

Franchisee understands and agrees Franchisee shall operate, record, and manage all operational business activity through the PSA software. The monthly fee for the PSA software is currently included in the Technology Fee payable to GTN. Franchisee must utilize the PSA software for, among other things, the management of NerdAssure, scheduling of all sales appointments, customer service and repair history, and technician scheduling. In addition, Franchisee must purchase and maintain additional general third-party software licenses, such as QuickBooks. These specific licenses may change from time to time as the vendors upgrade/modify their software. GTN does not make any warranties or guaranties upon which Franchisee may rely and assumes no liability or obligation to Franchisee for any third-party software.

To maintain the consistency and the integrity of GTN's managed services solution, NerdAssure, all core remote monitoring and management software agents must be purchased from and are payable to GTN.

GTN's managed services solution, NerdAssure, consists of integrated services including technology that proactively monitors the customers' Information Technology infrastructure, helps detect problems, and provides remote control access. Additionally, it provides proactive technical support, reactive end-user technical support and activity management, and the business continuity solutions provide back-up disaster recovery and account management support. NerdAssure provides reports on performance optimization of customers' systems regardless of whether the customers' technology is premised-based, in the cloud or a combination (hybrid). Franchisee may charge any price for NerdAssure managed services, but Franchisee must use GTN's form of Contract and Terms and Conditions. Franchisee may modify GTN's Contract or Terms and Conditions or create its own contract or own terms and conditions, with the prior written approval from GTN.

7.10 CUSTOMER COMPLAINTS. Franchisee shall use its best efforts to promptly resolve any customer complaints. GTN may take any action it deems appropriate to resolve a customer complaint regarding the Co-Brand Franchised Business, and GTN may require Franchisee to reimburse GTN for any expenses.

7.11 EVALUATION AND COMPLIANCE PROGRAMS. Franchisee shall participate at its own expense in programs required from time to time by GTN for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. GTN shall share with Franchisee the results of these programs, as they pertain to the Co-Brand Franchised Business. Franchisee must meet or exceed any minimum score requirements set by GTN for such programs. GTN may set minimum scores that Franchisee must receive from the public on Internet review sites (such as Yelp or Google).

7.12 PAYMENT SYSTEMS. Franchisee shall accept payment from customers in any form or manner designated by GTN (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter all business relationships necessary to accept payments as required by GTN. Franchisee must always comply with payment card industry data security standards (**PCI-DSS**).

7.13 GIFT CARDS, LOYALTY PROGRAMS, AND INCENTIVE PROGRAMS. At Franchisee's expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by GTN, in the manner specified by GTN in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another NerdsToGo Office. Franchisee shall comply with all procedures and specifications of GTN related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription programs, or customer incentive programs.

7.14 MAINTENANCE AND REPAIR. Franchisee shall always keep the Franchised Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Co-Brand Franchised Business as GTN may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn-out signage, floor coverings, furnishings, equipment, and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

7.15 REMODELING. In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, GTN may require Franchisee to undertake and complete a remodel of the Co-Brand Franchised Business to GTN's satisfaction. Franchisee must complete the remodel in the time frame specified by GTN. GTN may require the Franchisee to submit plans for GTN's reasonable approval prior to commencing a required remodel. GTN's right to require a remodel is limited as follows: (i) the remodel will not be required in the first two (2) or last two (2) years of the Term (except that a remodel may be required as a condition to renewal of the Term or a Transfer), and (ii) a remodel will not be required more than once every five (5) years from the date on which Franchisee was required to complete the prior remodel.

7.16 VEHICLES. Franchisee shall purchase or lease at least the number of vehicles specified by GTN. Franchisee shall ensure that all vehicles operated by the Co-Brand Franchised Business comply with System Standards for vehicle graphics and décor, required equipment, and any other System Standards of GTN. Franchisee shall keep all vehicles in excellent or better repair, clean, and free of dents and other damage, and shall ensure that the vehicles present a first-class image appropriate to the NerdsToGo System.

7.17 INSURANCE. During the Term of this Agreement Franchisee must maintain in force at Franchisee's sole expense comprehensive public liability, professional liability, general liability, product liability and motor vehicle liability, employee practices liability, cyber security liability and insurance against claims for bodily and personal injury, death and property damage caused by or occurring in connection with the Co-Brand Franchised Business's operation, all containing the minimum liability coverage GTN prescribes from time to time. GTN may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. These insurance policies must name GTN and any affiliates GTN designates as additional named insureds (as permitted by applicable law) and provide for thirty (30) days' prior written notice to GTN of a policy's material modification, cancellation, or expiration. Franchisee must, on an annual basis, furnish GTN copies of Franchisee's Certificate of Insurance or other evidence of Franchisee maintaining this insurance coverage and paying premiums, and provide GTN with any carrier or coverage changes within ten (10) days of the occurrence. If Franchisee fails or refuses to obtain and maintain the insurance GTN specifies, in addition to GTN's other remedies, GTN may (but need not) obtain such insurance for Franchisee and the Co-Brand Business on Franchisee's behalf, in which event Franchisee shall cooperate with GTN and reimburse GTN for all premiums, costs and expenses GTN incurs in obtaining and maintaining the insurance, plus a reasonable fee for GTN's time incurred in obtaining such insurance.

7.18 OBLIGATIONS TO THIRD PARTIES. Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Co-Brand Franchised Business, Franchisee shall comply with its lease for the Franchised Business and make all rent payments when due.

7.19 PUBLIC RELATIONS. Franchisee may speak on behalf of Franchisee's Co-Brand Franchised Business to the media, but Franchisee must obtain pre-approval to speak to the media on GTN's behalf.

7.20 NO OTHER ACTIVITY ASSOCIATED WITH THE CO-BRAND FRANCHISED BUSINESS. Franchisee shall not engage in any business or other activity at the Franchised Business other than operation of the NerdsToGo Office. Franchisee shall not "co-brand" or associate any other business activity with the Co-Brand Franchised Business. Franchisee shall not use the assets of the Co-Brand Franchised Business for any purpose other than the operation of the Co-Brand Franchised Business. If Franchisee is an entity, the entity shall not own or operate any other business except NerdsToGo Offices.

7.21 NO THIRD-PARTY MANAGEMENT. Franchisee shall not engage a third party management company to manage or operate the Co-Brand Franchised Business without the prior written approval of GTN, which will not be unreasonably withheld.

7.22 MEETINGS. The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that GTN requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

7.23 INDEPENDENT CONTRACTOR. Franchisee and GTN understand and agree that this Agreement does not create a fiduciary relationship between Franchisee and GTN, that Franchisee and GTN are and will be independent contractors, and that nothing in this Agreement is intended to make either Franchisee or GTN a general or special agent, joint venturer, partner, or employee of the other for any purpose. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Co-Brand Franchised Business personnel, and others as the Co-Brand Franchised Business's franchisee under a franchise license GTN has granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials GTN requires from time to time.

None of Franchisee's employees or other personnel will be GTN's employees, agents, or personnel. Neither Franchisee nor any of Franchisee's employees, agents or personnel whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, and to be construed to be GTN's employee, agent, or personnel for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied, or fixed by any city, state, provincial, or federal governmental agency. GTN will not have the power to hire or fire Franchisee's employees or personnel. Franchisee agrees that GTN's authority under this Agreement to affirm of Franchisee's employees or personnel for qualification to perform certain functions for the Co-Brand Franchised Business does not directly or indirectly vest in GTN the power to hire, fire or control any such employee. Franchisee shall always comply with all employment laws. GTN will not have any duty or obligation to operate the Co-Brand Franchised Business, to direct or supervise Franchisee's employees or to oversee Franchisee's employment policies or practices. Franchisee will post a notice at Franchisee's Co-Brand Franchised Business notifying all its employees that they are Franchisee's employees and not GTN's employees in the manner prescribed by GTN. Franchisee acknowledges and agrees, and will never contend otherwise, that Franchisee alone will exercise day-to-day control over all operations, activities, and elements of the Co-Brand Franchised Business and that under no circumstances shall GTN do so or be deemed to do so. Franchisee further acknowledges and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which GTN is required to comply with under this Agreement, whether set forth in the Operations Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that GTN controls any aspect or element of the day-to-day operations of the Co-Brand Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising Franchisee's control of the day-to-day operations of the Co-Brand Franchised Business. **See Attachment H** to this Agreement, Acknowledgment of Understanding by Franchisee Regarding Training and Joint Employment.

Section 8. SUPPLIERS AND VENDORS

8.1 GENERALLY. Franchisee shall acquire all Inputs required by GTN from time to time in accordance with System Standards. GTN may require Franchisee to purchase or lease any Inputs from GTN, GTN's designee, Required Vendors, Approved Vendors, and/or under GTN's specifications. GTN may change any such requirement or change the status of any vendor. To make such a requirement or change effective, GTN shall issue the appropriate System Standards.

8.2 ALTERNATE VENDOR APPROVAL. If GTN requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, and then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN may condition its approval on such criteria as GTN deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within ninety (90) days after receipt of Franchisee's request.

8.3 ALTERNATE INPUT APPROVAL. If GTN requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by GTN. GTN will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within ninety (90) days after receipt of Franchisee's request.

8.4 PURCHASING. GTN may implement a centralized purchasing system and negotiate prices and terms with vendors on behalf of the System. GTN may receive rebates or payments from vendors in connection with purchases by franchisees.

8.5 NO LIABILITY OF FRANCHISOR. GTN shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

8.6 PRODUCT RECALLS. If GTN or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Co-Brand Franchised Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from GTN or the vendor, supplier, or manufacturer of such item with respect to the recall, repair, or other remedy of such item.

Section 9. MARKETING

9.1 APPROVAL AND IMPLEMENTATION. Franchisee shall not conduct any marketing, advertising, promotions, or public relations activities (including in-location marketing materials, websites, on-line advertising, social media marketing or presence and sponsorships) that have not been approved by GTN. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations. Franchisee shall implement any marketing plans or campaigns determined by GTN.

9.2 SOCIAL MEDIA. Franchisee may engage in social (“**Social Media**”) that references (expressly or by implication) the Marks or the Co-Brand Franchised Business only if GTN approves, only in accordance with the standards that GTN periodically specifies and within Franchisee’s Territory. GTN’s Social Media policy is described in further detail in the Manual. on any NerdsToGo social media sites, GTN must be co-administrator of Franchisee’s account.

9.3 CO-BRAND FRANCHISED BUSINESS TELEPHONE NUMBER(S) AND SOCIAL MEDIA ACCOUNTS AND PASSWORDS. Franchisee agrees to install a dedicated telephone line(s) and listing(s) for the Co-Brand Franchised Business that will be effective upon opening the Co-Brand Franchised Business.

Upon execution of this Agreement or at any time thereafter, Franchisee shall, at GTN’s option, execute such forms and documents as GTN deems necessary for the sole purpose of assigning to GTN all rights to the dedicated telephone number(s) and social media accounts and passwords of the Co-Brand Franchised Business and any related and other business listings upon termination or expiration of this Agreement.

9.4 ADDITIONAL DIGITAL ADVERTISING. Franchisee must use GTN’s approved provider for website management and all digital media, including, but not limited to, search engine optimization (**SEO**), Pay-Per-Click (**PPC**), search engine marketing (**SEM**) and paid social media advertising. Additional digital advertising and all digital marketing activities (SEO, PPC, SEM, social media, and other digital approved services) can be purchased from our approved provider.

9.5 USE BY GTN. GTN may use any marketing materials or campaigns developed by or on behalf of Franchisee and Franchisee hereby grant an unlimited, perpetual, royalty-free license to GTN for such purpose.

9.6 MARKETING FUND. Recognizing the value of advertising and marketing to the goodwill and public image of NerdsToGo Offices, GTN has established a Marketing Fund for the advertising, marketing, promotional and public relations programs, and materials GTN deems appropriate (the “**Marketing Fund**”). Franchisee agrees to contribute to the Marketing Fund two percent (2%) of the Co-Brand Franchised Business’s Gross Sales from the opening date of the Co-Brand Franchised Business, payable in the same manner as the Royalty Fee, through the end of the Term of the Agreement. The Marketing Fund is currently administered by GTN.

GTN has the right to collect for deposit into the Marketing Fund any advertising, marketing, promotional or similar allowances paid to GTN by suppliers who deal with NerdsToGo Offices and with whom GTN has agreed that GTN will deposit these allowances. These payments are different from those which are not designated by suppliers to be used exclusively for advertising or similar purposes and which GTN and our affiliates, therefore, may use for any purposes we and they deem appropriate.

GTN will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, testing, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund is used to pay all costs for the formulation, planning, research, testing, development, production, management, and execution of all marketing, advertising, promotional, merchandising, sales, web, public relations, and social media activities and brand-related employer of choice advertising used to promote and protect the NerdsToGo brand. This may include, but is not limited to, executing marketing research, preparing and producing television, video, audio, radio, magazine, newspaper, outdoor, print, promotions, email, e-newsletter, customer loyalty and satisfaction support, social media, web marketing, website development, website hosting, search engine optimization, digital advertising, virtual sales assistant customer prospecting email campaigns, Internet banner, and other digital advertising, SMS text marketing programs, direct mail, outdoor activities, telephone prospecting, trade shows, sponsorships, sales collateral material, public relations activities, sales development, sales training, and all other lead generating and sales building activities. The Marketing Fund is used for these activities whether through an outside agency or if these functions are executed and developed by our marketing staff.

The Marketing Fund periodically may give Franchisee samples of advertising, marketing, and promotional formats and materials at no cost.

GTN will account for the Marketing Fund separately from GTN's other funds and not use the Marketing Fund for any of GTN's general operating expenses. However, GTN uses the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that GTN incurs in activities reasonably related to administering or directing the Marketing Fund and its programs, including, without limitation, conducting market research, public relations activities and social media, preparing advertising, promotion, marketing materials, sales collateral materials, teaching franchisees how to implement local marketing and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund will not be GTN's asset. Although the Marketing Fund is not a trust, GTN will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in this Subsection. Neither GTN owes any fiduciary obligation to Franchisee for administering the Marketing Fund or any other reason.

The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from GTN or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. GTN will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

GTN will prepare an annual, unaudited statement of Marketing Fund collections and

expenses and give Franchisee the statement upon written request. GTN may have the Marketing Fund audited, at the Marketing Fund's expense, by an independent certified public accountant. GTN may incorporate the Marketing Fund or operate it through a separate entity whenever GTN deems appropriate. The renewal entity will have all the rights and duties specified in this Subsection.

GTN intends the Marketing Fund to maximize recognition of the Marks, patronage of NerdsToGo Offices. Although GTN will try to use the Marketing Fund to develop advertising, marketing, promotional, and sales materials and programs that will benefit all NerdsToGo Offices, neither GTN ensures that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund Contributions by NerdsToGo Offices operating in that geographic area or that any NerdsToGo Office benefits directly or in proportion to its Marketing Fund Contribution from the development of materials or the placement of advertising, marketing, promotions or sale-related programs.

GTN has the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. GTN also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Subsection, neither GTN assumes any direct or indirect liability nor obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

9.7 REQUIRED SPENDING. After Franchisee's marketing introduction plan funds are depleted (four (4) to six (6) months), Franchisee shall spend at least five percent (5%) of Gross Sales (two percent (2%) to the Marketing Fund and three percent (3%) on local marketing) each month on local advertising and promotion of the Co-Brand Franchised Business. Upon request of GTN, Franchisee shall furnish proof of its compliance with this Subsection. GTN has the sole discretion to determine what activities constitute "marketing" under this Subsection.

9.8 MARKET INTRODUCTION PLAN. Before Franchisee registers for initial training, Franchisee must pay nine thousand dollars (\$9,000) for initial advertising for Franchisee's Co-Brand Franchised Business to GTN. This will be administered by GTN's marketing department. GTN will create a marketing and advertising plan for Franchisee's Co-Brand Franchised Business and will allocate Franchisee's required initial marketing and advertising pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for four (4) to six (6) months. The programs in the initial marketing and advertising plan may include direct mail marketing, local digital advertising including Pay-Per-Click advertising, virtual sales assistant customer prospecting email campaigns and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's initial marketing and advertising plan. Marketing programs are evaluated for effectiveness and GTN may make changes to the tactics to optimize the initial marketing and advertising plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be discussed for inclusion in the pre-paid portion of the marketing plan. The marketing plan will also include recommended programs and spending that Franchisee can choose to implement or not or modify as desired beyond the pre-paid fund amount. These recommended programs and their associated costs are not included in the initial advertising costs of nine thousand hundred dollars (\$9,000) payable to GTN. The monthly website fee of two

hundred fifty (\$250) is not included in the pre-paid portion of the marketing plan. Franchisee agrees to comply with GTN's guidelines for this initial marketing and advertising plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Co-Brand Franchised Business's operation.

Upon expiration of the pre-paid marketing dollars referenced above for local digital advertising, Franchisee is required to continue local digital advertising using and paying GTN's designated agency to direct web traffic to the Co-Brand Franchised Business during its business hours.

If Franchisee chooses to continue the virtual sales assistant customer prospecting email campaigns upon expiration of the pre-paid marketing dollars referenced above, Franchisee must use and pay GTN's designated vendor.

9.9 LEAD GENERATION PROGRAM. Franchisee must participate in the Lead Generation Program for six (6) months for a monthly fee of two thousand six hundred fifty dollars (\$2,650). The Lead Generation Program will begin thirty (30) days after Franchisee completes initial training. The Lead Generation Program is designed to identify, engage, and qualify potential leads for Franchisee's Co-Brand Franchised Business. Using outsourced skilled professionals, strategic lead lists, and personalized outreach, the Lead Generation Program's focus is nurturing relationships and setting appointments with clients who have been qualified to need the services of Franchisee's Co-Brand Franchised Business. The Lead Generation Program allows Franchisee's Co-Brand Franchised Business to drive early growth through proactive lead generation strategies. Franchisee must use and pay our designated vendor.

Section 10. RECORDS AND REPORTS

10.1 SYSTEMS. Franchisee shall use such customer data management, sales data management, administrative, bookkeeping, accounting, and inventory control procedures and systems as GTN may specify in the Manual or otherwise in writing.

10.2 REPORTS.

(a) Sales. Unless the Computer System allows GTN to pull Franchisee's Gross Sales electronically, Franchisee shall regularly record and report to GTN all monthly Gross Sales by fifth (5th) day of the following month.

(b) Financial Reports. Franchisee shall provide such periodic financial reports as GTN may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Co-Brand Franchised Business within thirty (30) days after the calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Co-Brand Franchised Business within sixty (60) days after the end of GTN's calendar year;
- (iii) any information GTN requests to prepare a financial performance representation for GTN's franchise disclosure document;

- (iv) within sixty (60) days after filing, a copy of Franchisee's federal tax return or amended return; and
- (v) within ten (10) days after GTN's request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information GTN periodically requires relating to the Co-Brand Franchised Business.

(c) Legal Actions and Investigations. Franchisee shall notify GTN within ten (10) days of receipt of notice of any action or threatened action by any customer, governmental authority, or other third party against Franchisee or the Co-Brand Franchised Business, or otherwise involving the Franchisee or the Co-Brand Franchised Business. Franchisee shall provide such documents and information related to any such action as GTN may request.

(d) Government Inspections. Franchisee shall give GTN copies of all inspection reports, budgets, forecasts, warnings, certificates, and ratings issued by any governmental entity with respect to the Co-Brand Franchised Business, within three (3) days of Franchisee's receipt thereof.

(e) Other Information. Franchisee shall submit to GTN such other financial statements, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Co-Brand Franchised Business as specified in the Manual or that GTN may reasonably request.

10.3 INITIAL INVESTMENT REPORT. Within one hundred twenty (120) days after opening the Co-Brand Franchised Business for business, Franchisee shall submit to GTN a report detailing Franchisee's investment costs to develop and open the Co-Brand Franchised Business, with costs allocated to the categories described in Item 7 of GTN's Franchise Disclosure Document and with such other information as GTN may request.

10.4 BUSINESS RECORDS. Franchisee agrees to prepare all financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") using GTN's recommended chart of accounts using the accrual basis of accounting and to verify and sign each report and financial statement in the manner GTN prescribe. GTN may disclose data derived from these reports, although GTN will not without Franchisee's consent (unless required by law) disclose Franchisee's identity in any materials that GTN circulates publicly. Moreover, GTN may, as often as GTN deems appropriate (including daily), access the Computer System and extract or send through the Internet all information relating to the Co-Brand Franchised Business's operation.

Franchisee agrees to preserve and maintain all records in a secure place at the Co-Brand Franchised Business for at least seven (7) years (including, but not limited to, sales, checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts, disbursement journals, and general ledgers). GTN may require Franchisee to have audited financial statements prepared annually during this Agreement's Term.

Section 11. FRANCHISOR RIGHTS

11.1 MANUAL; MODIFICATION. The Manual, and any part of the Manual, may be in any form or media determined by GTN. GTN may supplement, revise, or modify the Manual, and GTN may change, add or delete System Standards at any time in its sole discretion. GTN may inform Franchisee thereof by any method that GTN deems appropriate (which need not qualify as “notice” under Subsection 18.8). In the event of any dispute as to the contents of the Manual, GTN’s master copy will control.

11.2 INSPECTIONS. To determine whether Franchisee and the Co-Brand Franchised Business are complying with this Agreement and all System Standards, GTN and GTN’s designated agents or representatives may at all times and without prior notice to Franchisee: (1) inspect the Co-Brand Franchised Business; (2) photograph the Co-Brand Franchised Business and observe and videotape the Co-Brand Franchised Business’s operation for consecutive or intermittent periods GTN deems necessary; (3) remove samples of any products and supplies; (4) interview the Co-Brand Franchised Business’s personnel and customers; and (5) inspect and copy any books, records, data files and documents relating to the Co-Brand Franchised Business’s operation. If GTN exercises any of these rights, GTN will not interfere unreasonably with the Co-Brand Franchised Business’s operation. Franchisee acknowledges that any evaluation or inspection that GTN conducts is conducted to protect GTN’s interests in the System Standards and Marks and is not intended to exercise, and does not constitute, in whole or in part, control over the day-to-day operation of the Co-Brand Franchised Business and Franchisee agrees to never contend otherwise. Franchisee agrees to cooperate with GTN fully.

11.3 OUR RIGHT TO AUDIT. GTN may at any time during Franchisee’s business hours, and without prior notice to Franchisee, examine Franchisee’s (if Franchisee is an Entity) and the Co-Brand Franchised Business’s or Franchisee’s Existing Business’s business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. Franchisee agrees to cooperate fully with GTN’s representatives and independent accountants in any examination. If any examination discloses an understatement of the Co-Brand Franchised Business’s Gross Sales, Franchisee agrees to pay GTN, within fifteen (15) days after receiving the examination report, the Royalty Fees and Marketing Fund Contributions due on the amount of the understatement, plus GTN’s service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to Franchisee’s failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals a Royalty Fee or Marketing Fund Contribution understatement exceeding two percent (2%) of the amount that Franchisee actually reported to GTN for the period examined, Franchisee agrees to reimburse GTN for the costs of the examination, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of GTN’s employees and representatives. These remedies are in addition to GTN’s other remedies and rights under this Agreement and applicable law.

GTN may set a minimum score requirement for inspections, and Franchisee's failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting GTN's other rights under this Agreement, Franchisee will as soon as reasonably practical, but in no event longer than ten (10) business days, correct any deficiencies noted during an inspection. If GTN conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then GTN may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

11.4 GTN'S RIGHT TO CURE. If Franchisee breaches or defaults under any provision of this Agreement, GTN may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse GTN for its costs and expenses (including the allocation of any internal costs) for such action, plus ten percent (10%) as an administrative fee.

11.5 RIGHT TO DISCONTINUE SUPPLIES UPON DEFAULT. While Franchisee is in default or breach of this Agreement, GTN may (i) require that Franchisee pay cash on delivery for products or services supplied by GTN, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by GTN shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of GTN are in addition to any other right or remedy available to GTN.

11.6 DELEGATION. GTN may delegate any duty or obligation of GTN under this Agreement to an affiliate or to a third party.

11.7 COMMUNICATION SYSTEMS. If GTN provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems and authorizes GTN to access such communications at any time.

11.8 COMMUNICATION WITH EMPLOYEES. Franchisee irrevocably authorizes GTN to communicate with Franchisee's Designated Manager or other key employee on any matter related to the System or the Co-Brand Franchised Business.

11.9 COMMUNICATIONS WITH LANDLORD, LENDERS, VENDORS AND SUPPLIERS. Franchisee irrevocably authorizes GTN to communicate with Co-Brand Franchisee's landlord and lender(s), or prospective landlord and lender(s), about matters relating to the Co-Brand Franchised Business, and to provide information about the Co-Brand Franchised Business to them.

11.10 SYSTEM VARIATIONS. GTN may vary or waive any System Standard for anyone (1) or more NerdsToGo Offices due to the peculiarities of the particular site or circumstances, density of population, business potential, and population of trade area, existing

business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

11.11 BUSINESS DATA. All personal information of customers of the Co-Brand Franchised Business, other NerdsToGo Offices and other non-public data generated by the Co-Brand Franchised Business is Confidential Information and is exclusively owned by GTN. “Personal Information” is data that identifies an individual or relates to and identifiable individual. GTN hereby licenses such data back to Franchisee without charge solely for Franchisee’s use in connection with the Co-Brand Franchised Business for the Term of this Agreement. Franchisee will comply with all applicable laws in relation to the collection, processing and storage of customer information.

Section 12. MARKS

12.1 AUTHORIZED MARKS. Franchisee’s right to use the Marks is derived only from this Agreement and limited to Franchisee operating the Co-Brand Franchised Business according to this Agreement and all System Standards GTN prescribes during its Term. Franchisee’s unauthorized use of the Marks is a breach of this Agreement and infringes on GTN’s rights in the Marks. Franchisee acknowledges and agrees that Franchisee’s use of the Marks and any goodwill established by that use are exclusively for GTN’s benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Co-Brand Franchised Business under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks GTN authorizes Franchisee to use. Franchisee may not at any time during or after this Agreement’s Term contest or assist any other person in contesting the validity, or GTN’s ownership, of the Marks.

12.2 CHANGE OF MARKS. If it becomes advisable at any time for GTN and/or Franchisee to modify or discontinue using any Mark and/or to use one or more additional or substitute trade or service marks, Franchisee agrees to comply with GTN’s directions within a reasonable time after receiving notice. Any costs incurred by Franchisee to comply with any change or modification of any Mark will be paid solely by Franchisee; however, GTN may, at GTN’s discretion, reimburse a portion of the costs to Franchisee. GTN need not reimburse Franchisee for any loss of revenue due to any modified or discontinued Mark, or for Franchisee’s expenses of promoting a modified or substitute trademark or service mark.

GTN’s rights in this Section apply to all the Marks (and any portion of any Mark) that GTN authorizes Franchisee to use in this Agreement. GTN may exercise these rights at any time and for any reason, business or otherwise, that GTN thinks best. Franchisee acknowledges both GTN’s right to take this action and Franchisee’s obligation to comply with GTN’s directions.

12.3 INFRINGEMENT.

(a) Defense of Franchisee. GTN agrees to reimburse Franchisee for all damages and expenses that Franchisee incurs in any trademark infringement proceeding disputing Franchisee's authorized use of any Mark under this Agreement if Franchisee has notified GTN within ten (10) days of notice and complies with GTN's directions in responding to the proceeding. At GTN's option, GTN may defend and control the defense of any proceeding arising from Franchisee's use of any Mark under this Agreement.

(b) Infringement by Third Party. Franchisee agrees to notify GTN immediately of any apparent infringement or challenge to Franchisee's use of any Mark, or of any person's claim of any rights in any Mark, and not to communicate with any person other than GTN, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. GTN may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of GTN's attorneys, are necessary or advisable to protect and maintain GTN's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain GTN's interests in the Marks. GTN will reimburse Franchisee for Franchisee's costs of taking any GTN has asked Franchisee to take.

12.4 NAME. Franchisee agrees to use the Marks as the Co-Brand Franchised Business's sole identification, except that Franchisee agrees to identify Franchisee as its independent owner in the manner GTN prescribes. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos GTN has licensed to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, email addresses, or otherwise in connection with a website, or (5) in any other manner that GTN has not expressly authorized in writing.

Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Co-Brand Franchised Business or an ownership interest in Franchisee without GTN's prior written consent, which GTN will not unreasonably withhold. Franchisee agrees to display the Marks prominently as GTN prescribes at the Co-Brand Franchised Business and on forms, advertising, supplies, and other materials GTN designate. Franchisee agrees to give the notices of trade and service mark registrations that GTN specifies and to obtain any fictitious or assumed name registrations required under applicable law.

Section 13. COVENANTS

13.1 CONFIDENTIAL INFORMATION.

GTN possesses (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating NerdsToGo Offices, including (without limitation):

- (1) site selection criteria;
- (2) training and operations materials and Manual;
- (3) methods, formats, specifications, standards, systems, procedures, production techniques, production processes, sales and marketing techniques, knowledge, and experience used in developing and operating NerdsToGo Offices;
- (4) sales, marketing and advertising programs for NerdsToGo Offices;
- (5) knowledge of, specifications for, and suppliers of operating assets and other products and supplies;
- (6) any computer software or similar technology which is proprietary to us or the System, including, without limitation, digital passwords and identifications and any source code and data, reports, and other printed materials generated by, the software or similar technology;
- (7) knowledge of the operating results and financial performance of NerdsToGo Offices other than the Co-Brand Franchised Business;
- (8) graphic designs and related intellectual property; and
- (9) personal information of any customer of the Co-Brand Franchised Business and other NerdsToGo Offices (“**Customer Information**”). “Personal information” is data that identifies an individual or relates to an identifiable individual.

Franchisee acknowledges and agrees that Franchisee will not acquire any interest in Confidential Information, other than the right to use it as GTN specifies in operating the Co-Brand Franchised Business during this Agreement’s Term, and that Confidential Information is proprietary, includes GTN’s trade secrets, and is disclosed to Franchisee only on the condition that Franchisee agrees, and Franchisee in fact agrees, that Franchisee:

- (a) will not use Confidential Information in any other business or capacity;
- (b) will keep each item deemed to be part of Confidential Information absolutely confidential, both during this Agreement’s Term and then thereafter for as long as the item is not generally known in the managed service provider services and computer and technology repair and service industry;
- (c) will not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- (d) will not sell, trade or otherwise profit in any way from any Confidential Information, except during the Term using methods GTN approves;
- (e) will comply with all applicable laws in relation to the collection, processing and

storage of Customer Information;

- (f) will, in addition to the procedures described herein, adopt and implement all reasonable procedures, including those prescribed from time to time by GTN, to prevent unauthorized use or disclosure of or access to any Confidential Information; and
- (g) will require and obtain execution of GTN's then-current confidentiality/non-compete agreement (the current form of which is attached as **Attachment D** to this Agreement, unless prohibited by state or local laws, from Franchisee's Principal Executive, Owners, Designated Manager, key management employees, outside sales professional and other personnel who have received or will have access to Confidential Information (unless prohibited by applicable law). Franchisee will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of Confidential Information.
- (h) will not market any authorized products or services using confidential information.

Confidential Information does not include information, knowledge, or know-how which Franchisee can demonstrate lawfully came to Franchisee's attention before GTN provided it to Franchisee directly or indirectly; which, at the time GTN disclosed it to Franchisee, already had lawfully become generally known in the managed service provider services, and computer technology repair and service industry through publication or communication by others (without violating an obligation to GTN); or which, after GTN discloses it to Franchisee, lawfully becomes generally known in the technology repair and service industry through publication or communication by others (without violating an obligation to GTN). However, if GTN includes any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

GTN works together with Franchisee, Franchisee's Executive Principal, and Franchisee's Owners and other franchisees towards constant improvement and adapting to change to remain relevant and competitive in the managed service provider, and computer and technology repair and service industry. Many of GTN's current processes are a result of franchisee innovation and input.

All ideas, concepts, techniques, or materials relating to a NerdsToGo Offices, whether or not protectable intellectual property and whether created by or for Franchisee, Franchisee's Executive Principal or employees, must be promptly disclosed to GTN and will be deemed to be GTN's sole and exclusive property, part of the System, and works made-for-hire for GTN. To the extent that any item does not qualify as a "work made-for-hire" for GTN, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to GTN and agrees to take whatever action (including signing assignment or other documents) GTN requests to evidence GTN's ownership or to help GTN obtain intellectual property rights in the item.

13.2 COVENANTS NOT TO COMPETE.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the “Restricted Parties”) shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor, except for Franchisee’s Existing Business (which shall continue to be licensed and operated by Franchisee at the same location at the Co-Brand Franchised Business in accordance with this Agreement).

(b) Restriction – Post Term. For two (2) years after this Agreement expires or is terminated for any reason (or, if applicable, for two (2) years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee’s Territory or the territory of any other NerdsToGo Office operating on the date of expiration, termination, or transfer, as applicable. Competitor means any business offering managed service provider services, including computer and technology repair or services.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Subsection is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of GTN. Franchisee agrees that the existence of any claim it may have against GTN shall not constitute a defense to the enforcement by GTN of the covenants of this Subsection. If a Restricted Party fails to comply with the obligations under this Subsection during the restrictive period, then the restrictive period will be extended an additional day for each day of non-compliance.

Section 14. DEFAULT AND TERMINATION

14.1 TERMINATION BY GTN.

(a) Subject to ten (10) Day Cure Period. GTN may terminate this Agreement if Franchisee does not make any payment to GTN when due, or if Franchisee does not have sufficient funds in its account when GTN attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within ten (10) days after GTN gives notice to Franchisee of such breach.

(b) Subject to ten (10) Day Cure Period. GTN may terminate this Agreement if Franchisee does not submit a voided check and Franchisee’s EFT information to allow GTN to debit Franchisee’s business account automatically for any payment due under this Agreement within ten (10) days after GTN gives notice to Franchisee of such breach.

(c) Subject to fifteen (15) Day Cure Period. GTN may terminate this Agreement if Franchisee uses any other remote monitoring and management software other than NerdAssure, or if Franchisees uses any other professional services automation software other than the PSA software required by GTN, and Franchisee fails to cure such breach within fifteen (15) days after

GTN gives notice to Franchisee of such breach.

(d) Subject to thirty (30) Day Cure Period. If Franchisee breaches this Agreement in any manner not described in Subsection (a) or (c), and Franchisee fails to cure such breach to GTN's satisfaction within thirty (30) days after GTN gives notice to Franchisee of such breach, and then GTN may terminate this Agreement.

(e) Without Cure Period. GTN may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to GTN;
- (iii) a receiver or trustee for the Franchised Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Co-Brand Franchised Business, or an attachment or lien remains on the Co-Brand Franchised Business for thirty (30) days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within forty-five (45) days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open the Co-Brand Franchised Business in accordance with this Agreement within ninety (90) days after the Effective Date;
- (v) Franchisee loses possession of the Co-Brand Franchised Business;
- (vi) Franchisee (or Franchisee's Executive Principal) fails to (a) satisfactorily complete the initial training program; or (b) attend the Annual Convention as required under this Agreement, unless excused by prior written consent of GTN;
- (vii) Franchisee or any Owner commits a material violation of Subsection 7.2 (compliance with laws) or Subsection 13.1 (confidential information), violates Subsection 13.2 (non-compete) or Section 15 (transfer), failure to comply with any System Standard, or commits any other violation of this Agreement which by its nature cannot be cured;
- (viii) Franchisee abandons or ceases operation of the Co-Brand Franchised Business for more than five (5) consecutive business days, unless Franchisee closes the Co-Brand Franchised Business for a purpose GTN approves or because of casualty or government order;

- (ix) Franchisee or any Owner slanders or libels GTN or any of its employees, directors, or officers;
- (x) Franchisee refuses to cooperate with or permit any audit or inspection by GTN or its agents or contractors, or otherwise fails to comply with Subsection 10.4 or Subsection 11.2;
- (xi) the Co-Brand Franchised Business is operated in a manner which, in GTN's reasonable judgment, constitutes a significant danger to the health or safety of any person, and Franchisee fails to cure such danger within forty-eight (48) hours after becoming aware of the danger (due to notice from GTN or otherwise);
- (xii) Franchisee has received two (2) or more notices of default and Franchisee commits another breach of this Agreement, all in the same twelve (12) month period;
- (xiii) GTN (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate);
- (xiv) Franchisee (or any of Owners) are or have been convicted by a trial court of, or plead or have pleaded no contest to a felony, a crime involving moral turpitude, or any other crime or offense, or any other crime or offense that GTN believes is reasonably likely to have an adverse effect on the NerdsToGo brand, the goodwill in the Marks, or GTN's interest in the Marks; or
- (xv) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in GTN's opinion is reasonably likely to materially and unfavorably affect the NerdsToGo brand;
- (xvi) Franchisee receives three (3) or more material customer complaints within a twelve (12) month period that are reported to Franchisor and are not resolved to Franchisor's complete satisfaction;
- (xvii) Franchisee sells any product or service Franchisor has not authorized for sale at the Co-Brand Franchised Business; and
- (xviii) Franchisees or any Owner's assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of your Owners otherwise violate any such law, ordinance, or regulation.

14.2 INTERIM REMEDIES.

GTN has the right (but not the obligation), under the circumstances described below, to enter the Co-Brand Franchised Business and assume the Co-Brand Franchised Business's management (or to appoint a third party to assume its management) for any period GTN deems appropriate. If GTN (or a third party) assume the Co-Brand Franchised Business's management

under subparagraphs (1) and (2) below, Franchisee agree to pay GTN (in addition to the Royalty Fees, Marketing Fund Contributions, Technology Fee and other amounts due under this Agreement) five hundred dollars (\$500) per day, plus GTN's (or the third party's) direct out-of-pocket costs and expenses, for up to sixty (60) days after GTN assumes management.

If GTN (or a third party) assume the Co-Brand Franchised Business's management, Franchisee acknowledge that GTN (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or your Owners for any debts, losses, or obligations the Co-Brand Franchised Business incurs, or to any of Franchisee's creditors for any supplies, products, or other assets or services the Co-Brand Franchised Business purchases, while GTN (or the third party) manage it.

GTN (or a third party) may assume the Co-Brand Franchised Business's management under the following circumstances: (1) if Franchisee abandon or fail actively to operate the Co-Brand Franchised Business; (2) if Franchisee fails to comply with any provision of this Agreement or any System Standard and do not cure the failure within the time period GTN specifies in GTN's notice to Franchisee; or (3) if this Agreement expires or is terminated and GTN is deciding whether to exercise GTN's option to purchase the Co-Branded Franchised Business under Subsection 14.G below.

If GTN exercise GTN's rights under subparagraphs (1) or (2) above, that will not affect GTN's right to terminate this Agreement under Subsection 14.1 above.

If Franchisee is in default of any provision of this Agreement, GTN may, at GTN's option, elect to impose interim remedies and/or Limited Services on Franchisee's Co-Brand Franchised Business ("**Limited Services**") rather than terminate this Agreement. GTN will provide written notice to Franchisee prior to placing Co-Brand Franchised Business on Limited Services. If Franchisee is in default and receiving Limited Services, GTN may terminate this Agreement at any time if Franchisee fails to cure the default Limited Services may include:

- (1) Co-Brand Franchised Business's web page(s) removed from NerdsToGo.com;
- (2) no access to Marketing Fund services (if applicable);
- (3) removal of Franchisee or Franchisee's personnel from the email system;
- (4) no access to the GTN'S NerdNet proprietary operations portal;
- (5) not eligible to attend any NerdsToGo events;
- (6) no access to NerdsToGo on-line training;
- (7) no access to NerdsToGo Office design, layout services real estate services;
- (8) not eligible to purchase or open additional NerdsToGo OfficesCo-Brand; and
- (9) business visits limited to only what is required by this Agreement.

14.3 EFFECT OF TERMINATION. Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed based on the operation of the Co-Brand Franchised Business to GTN within fifteen (15) days after this Agreement expires or is terminated;
- (ii) if GTN terminates this Agreement as result of Franchisee’s breach, Franchisee and GTN agree that the amount damages which GTN would incur for any such early termination would be difficult, if not impossible, to accurately ascertain. Accordingly, within thirty (30) days following such termination, Franchisee must pay GTN an amount equal to the greater of (i) the average monthly Royalty Fees and Marketing Fund Contributions that Franchisee owed to GTN for the past twenty-four (24) months multiplied by the lesser of forty-eight (48) or the number of months remaining in the Term, or (ii) the average monthly Royalty Fees and Marketing Fund Contributions paid by all franchised NerdsToGo Co-Brand Franchised Business who have operated for the past twenty-four (24) months multiplied by the lesser of forty-eight (48) or the months remaining in the Term (“**Early Termination Damages**”). If Franchisee has not operated the Co-Brand Franchised Business for twenty-four (24) months prior to the termination of this Agreement, the Early Termination Damages will be calculated by using the average monthly Royalty Fees and Marketing Fund Contributions by all franchised NerdsToGo Offices who have operated for the past twenty-four (24) months multiplied by forty-eight (48). These Early Termination Damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of Franchisee and each of Franchisee’s Owners who personally guarantee Franchisee’s obligations under this Agreement.

The parties acknowledge and agree that: (a) the Early Termination Damages are a reasonable estimation of the damages that GTN would incur if this Agreement is prematurely terminated; and (b) Franchisee’s payment of such Early Termination Damages is intended to fully compensate GTN for any and all damages related to or arising out of the premature termination of this Agreement, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of our claim for other damages and/or equitable relief arising out of Franchisee’s breach of this Agreement.

The imposition of Early Termination Damages shall be GTN’s sole option. GTN is not required to impose Early Termination Damages and may, in addition or in lieu thereof, pursue other remedies available to GTN under the terms and conditions of this Agreement, in equity or at law in the event of Franchisee’s breach under this Agreement, including, without limitation, actual damages GTN incurs, if such can be ascertained. All such remedies shall be cumulative and non-exclusive.

- (iii) return to GTN all copies of the Manual, Confidential Information and all other materials provided by GTN to Franchisee or created by a third party for Franchisee relating to the operation of the Co-Brand Franchised Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iv) notify the telephone, Internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to GTN or any new franchisee as may be directed by GTN, and Franchisee hereby irrevocably appoints GTN, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (v) cease doing business or otherwise using under any of the Marks.

14.4 DE-IDENTIFICATION. Within thirty (30) days after termination or expiration, Franchisee shall at its own expense “de-identify” the Co-Brand Franchised Business so that it no longer contains the Marks, signage, or any trade dress of a NerdsToGo Office, to the reasonable satisfaction of GTN. Franchisee shall comply with any reasonable instructions and procedures of GTN for de-identification. If Franchisee fails to do so within thirty (30) days after this Agreement expires or is terminated, GTN may enter the Co-Brand Franchised Business to remove the Marks and de-identify the Co-Brand Franchised Business. In this event, GTN will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by GTN.

14.5 CUSTOMER MANAGEMENT TOOLS. Franchisee must immediately allow access to and assign to GTN, and allow access to, all NerDAssure managed services and agents, the PSA software, and any other customer relationship management software, or the like (collectively referred to as “Customer Management Tools”) used in relation to in the Co-Brand Franchised Business and its past and current customers. Franchisee hereby assigns to GTN (such assignment effective only upon closing, termination or expiration of the Agreement) all Franchisee's interest in and to, Franchisee's Customer Management Tools, and in such case GTN shall step into the shoes of Franchisee with regard to those Customer Management Tools, including any customer contracts, and Franchisee will have no further obligation to service such customers, and shall not attempt to service such customers nor purport to represent that it will continue to service such customers. Franchisee acknowledges that GTN may further assign its position in the Customer Management Tools or customer contracts to any third party without the consent of Franchisee and without any consideration to Franchisee. Franchisee shall not be entitled to any revenues from any software, contracts or relationships after termination or expiration of the Agreement. GTN or its assignee will pay for any ongoing fees associated with any Customer Management Tools. Franchisee is not entitled to copies of any of the electronic information and all such copies shall be immediately returned to GTN. Franchisor may use such electronic information in any manner in connection with its NerdsToGo franchise System.

14.6 OTHER CLAIMS. Termination of this Agreement by GTN will not affect or discharge any claims, rights, causes of action or remedies (including claims for GTN's lost future income after termination), which GTN may have against Franchisee, whether arising before or after termination.

14.7 PURCHASE OPTION. Upon termination of this Agreement, or upon expiration of this Agreement without renewal, Franchisee will, at GTN's option, assign to GTN or GTN's designee Franchisee's interest in any lease or sublease of the Co-Brand Franchised Business and Franchisee's interest in any lease for equipment used in the operation of the Co-Brand Franchised Business. Also, upon termination of this Agreement, or expiration of this Agreement without renewal, GTN shall have the right and option, but not the obligation, to purchase the inventory, equipment, fixtures, furnishings, and all items bearing the Marks at Franchisee's cost or fair market value, whichever is less. In determining the fair market value of the assets, GTN and Franchisee will not include any value for goodwill, the rights granted by this Agreement, or participation in the network of NerdsToGo Offices. If GTN elects to exercise this option, GTN will deliver written notice to Franchisee of GTN's election within thirty (30) days after the date of termination or expiration of this Agreement. GTN will have the right to inspect the Co-Brand Franchised Business and assets at any time during this thirty (30) day period. If GTN elects to purchase any of these assets, GTN will be entitled to, and Franchisee must provide, all customary warranties and representations relating to the asset purchase, including, without limitation, representations and warranties as to maintenance, function, condition and Franchisee's good title (including that Franchisee owns the assets free and clear of any liens and encumbrances).

Section 15. TRANSFERS

15.1 BY GTN. Franchisee acknowledges that GTN maintains a staff to manage and operate the Franchise System and that staff members can change as employees come and go. Franchisee represents that Franchisee has not signed this Agreement in reliance on any particular shareholder, director, officer, or employee remaining with GTN in that capacity. GTN may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After GTN's assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, GTN no longer will have any performance or other obligations under this Agreement.

15.2 BY FRANCHISEE. Franchisee understands and acknowledges that the rights and duties of this Agreement creates are personal to Franchisee (or, if Franchisee is an Entity, to Franchisee's Owners) and that GTN has granted Franchisee the Co-Brand Franchised Business in reliance upon GTN's perceptions of Franchisee's Principal Executive (or Franchisee's Owners) individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without GTN's prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) the Franchised Business (or any right to receive all or a portion of the Co-Brand Franchised Business's profits or losses); (iv) any ownership interest in Franchisee (regardless of its size); or (v) any ownership interest in any of Franchisee's Owners (if such Owners are legal entities). A transfer of the Co-Brand Franchised Business's ownership, possession, or control, or substantially all its assets, may be made only with a transfer of this Agreement. Any transfer without GTN's approval is a breach of this Agreement and has no effect.

In this Agreement, the term “**transfer**” includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition. An assignment, sale, gift, or other disposition includes the following events:

- a. transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest;
- b. merger or consolidation or issuance of additional securities or other forms of ownership interest;
- c. any sale of a security convertible to an ownership interest;
- d. transfer of an interest in Franchisee, this Agreement, the Co-Brand Franchised Business or substantially all its assets, or Franchisee’s Owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;
- e. if Franchisee, one of Franchisee’s Owners, or one of Franchisee’s Owners dies, a transfer of an interest in Franchisee, this Agreement, the Co-Brand Franchised Business or substantially all its assets, or Franchisee’s Owner by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- f. pledge of this Agreement (to someone other than GTN) or of an ownership interest in Franchisee or Franchisee’s Owners as security, foreclosure upon the Co-Brand Franchised Business, or Franchisee’s transfer, surrender, or loss of the Co-Brand Franchised Business’s possession, control, or management. Franchisee may grant a security interest (including a purchase money security interest) in the Co-Brand Franchised Business’s assets (not including this Agreement) to a lender that finances Franchisee’s acquisition, development, and/or operation of the Franchised Business without having to obtain GTN’s prior written approval as long as Franchisee gives GTN ten (10) days’ prior written notice.

If Franchisee (and Franchisee’s Owners) are fully complying with this Agreement, then, subject to the other provisions of this Subsection GTN will approve a transfer that meets all the requirements in this Subsection:

- (i) GTN receives a transfer fee equal to seventeen thousand five hundred dollars (\$17,500) plus any broker fees and other out-of-pocket costs incurred by GTN (except that the seventeen thousand five hundred dollars (\$17,500) will not be due in connection with a transfer for estate planning purposes or to a spouse, sibling, or child of an Owner). If Franchisee requests that GTN assist Franchisee in selling the Co-Brand Franchised Business, Franchisee must also pay GTN a resale consulting fee of five thousand dollars (\$5,000) (“**Resale Consulting Fee**”). The Resale Consulting Fee is due only if GTN assists Franchisee with selling the Co-Brand Franchised Business;

- (ii) the proposed assignee and its Owners have completed GTN's franchise application processes, meet GTN's then-applicable standards for new franchisees, and have been approved by GTN as franchisees;
- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes GTN's then-current form of franchise agreement, transfer addendum (attached to this agreement as **Attachment I**), and any related documents, which form may contain materially different provisions than this Agreement, including Royalty Fee and a revised Territory;
- (v) all Owners of the proposed assignee provide a Guaranty and Assumption of Obligations in accordance with Subsection 2.4;
- (vi) Franchisee has paid all monetary obligations to GTN and its affiliates, and to any lessor, vendor, supplier, or lender to the Co-Brand Franchised Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to GTN or its affiliates;
- (vii) the proposed assignee and its Owners and employees undergo such training as GTN may require;
- (viii) Franchisee, Principal Executive, its Owners, and the transferee and its Owners execute a general release of GTN in a form satisfactory to GTN;
- (ix) the Co-Brand Franchised Business fully complies with all the GTN's most recent System Standards;
- (x) GTN has determined that the purchase price and payment terms will not adversely affect the transferee's operation of the Co-Brand Franchised Business;
- (xi) if Franchisee or Franchisee's Owners finance any part of the purchase price, Franchisee and/or Franchisee's Owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in the Co-Brand Franchised Business are subordinate to the transferee's obligation to pay Royalty Fees, Marketing Fund Contributions, Technology Fee and other amounts due to GTN, GTN's affiliates, and third-party vendors and otherwise to comply with this Agreement; and
- (xii) GTN may review all information regarding the Co-Brand Franchised Business that Franchisee gives the transferee, correct any information that GTN believes is inaccurate, and gives the transferee copies of any reports that Franchisee has given GTN or GTN has made regarding the Co-Brand Franchised Business.

15.3 TRANSFER FOR CONVENIENCE OF OWNERSHIP. If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least fifteen (15) days' notice to GTN, if, prior to the Transfer: (1) the transferee provides the information required by Subsection 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by GTN, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a Guaranty and Assumption of Obligations in accordance with Subsection 2.4.

15.4 TRANSFER UPON DEATH OR INCAPACITY. Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Co-Brand Franchised Business to a third party approved by GTN (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine (9) months after death or incapacity. Such a transfer must comply with Subsection 15.2.

15.5 GTN'S RIGHT OF FIRST REFUSAL. Before Franchisee (or any Owner) engages in a Transfer (except under Subsection 15.3), to an Owner, or to a spouse, sibling, or child of an Owner), GTN will have a right of first refusal, as set forth in this Subsection. Franchisee (or its Owners) shall provide to GTN a copy of the terms and conditions of any Transfer. For a period of thirty (30) days from the date of GTN's receipt of such copy, GTN will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price and on the same terms and conditions (except that GTN may substitute cash for any other form of payment). If GTN does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Subsection.

15.6 NO SUBLICENSE. Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

15.7 NO LIEN ON AGREEMENT. Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party; Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

Section 16. INDEMNITY

16.1 INDEMNITY. Franchisee, and each of Franchisee's respective direct and indirect Owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the "**Indemnified Parties**") from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of the operation of the Co-Brand Franchised Business, Franchisee's conduct of business under this Agreement, Franchisee's breach of this Agreement or for any liability arising from labor or employment law violations (including from Franchisee's acts and omissions and of Franchisee's employees). GTN will

promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release Franchisee from Franchisee's indemnification obligations under this Subsection except to the extent Franchisee is actually and materially prejudiced by such failure. Franchisee shall have the right, upon written notice delivered to the Indemnified Party within fifteen (15) days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, or (ii) Franchisee does not assume responsibility for such Losses in a timely manner or Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and Franchisee shall pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense. Franchisee or the Indemnified Party (as the case may be) shall keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Party, (a) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect Owners, directors, managers, employees, agents and representatives, or (b) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this Section shall be settled by the Indemnified Party without Franchisee's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, Franchisee agree that GTN shall have the exclusive right to assume the defense of such claim, at Franchisee's expense with counsel selected by GTN, but reasonably satisfactory to Franchisee.

Franchisee has no obligation to indemnify or hold harmless, an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

For purposes of this Section, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

Franchisee's obligations in this Subsection will continue in full force and effect

subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, to maintain and recover fully a claim against Franchisee under this Subsection. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Subsection.

Section 17. DISPUTE RESOLUTION

17.1 ARBITRATION.

(a) Disputes Subject to Arbitration. GTN and Franchisee agree that all controversies, disputes, or claims between GTN and its affiliates, and their respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) arising out of or related to: (i) this Agreement or any other agreement between GTN and Franchisee; (ii) GTN's relationship with Franchisee; (iii) the scope and validity of this Agreement or any other agreement between GTN and Franchisee (including the scope and validity of the arbitration obligations under this Section 17, which GTN and Franchisee acknowledge is to be determined by an arbitrator and not a court); and/or (iv) or any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association. The arbitration proceedings will be conducted by one arbitrator and, except as this Subsection otherwise provides, according to the then current commercial arbitration rules of the American Arbitration Association. All matters relating to arbitration will be governed by the Federal Arbitration Act (**9 U.S.C. §§ 1 et seq.**). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her award any relief which he or she deems proper, including, without limitation, money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs, provided that the arbitrator may not declare any Mark generic or otherwise invalid or, except as expressly provided in Subsection 17.2 below, award any punitive or exemplary damages against either party (GTN and Franchisee hereby waives to the fullest extent permitted by law, except as expressly provided in Subsection 17.2 below, any right to or claim for any punitive or exemplary damages against the other).

Other than as may be required by law, the entire arbitration proceeding (including, but not limited to any rulings, decisions or orders of the arbitrator and any documents produced or exchanged or evidence given) shall remain confidential and not be disclosed to anyone other than the parties to this Agreement. The arbitrator will issue its decision within sixty (60) days after the closing of the hearings.

(b) Co-Brand Franchised Business. All proceedings will be conducted at a suitable location chosen by the arbitrator within ten (10) miles of GTN's current corporate headquarters. The arbitrator shall have no authority to select a hearing or locale other than as described in the previous sentence. All matters relating to arbitration will be governed by the Federal Arbitration Act (**9 U.S.C. §§ 1 et seq.**). Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction.

(c) Injunctive Relief. Despite GTN and Franchisee's agreement to arbitrate, GTN and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that GTN and Franchisee must contemporaneously submit GTN's dispute for arbitration on the merits as provided in this Subsection.

(d) Intellectual Property Claims. Either party may bring a claim involving an alleged infringement of any of GTN's intellectual property rights in a court authorized to hear such claims under Subsection 17.5 of this Agreement.

(e) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for GTN to comply with laws and regulations applicable to the sale of Offices.

(f) Performance during Arbitration or Litigation. Unless this Agreement has been terminated, GTN and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the arbitration or litigation process.

17.2 WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

EXCEPT FOR FRANCHISEE'S OBLIGATION TO INDEMNIFY GTN FOR THIRD PARTY CLAIMS UNDER SUBSECTION 16.1 AND EXCEPT FOR PUNITIVE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, GTN AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN GTN AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

GTN AND FRANCHISEE IRREVOCABLY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY.

IN THE EVENT OF TERMINATION OF THIS AGREEMENT PRIOR THE EXPIRATION OF THE TERM DUE TO FRANCHISEE'S DEFAULT, GTN'S ACTUAL DAMAGES WILL INCLUDE ITS LOST FUTURE INCOME FROM ROYALTY FEES, MARKETING FUND CONTRIBUTIONS AND OTHER AMOUNTS THAT FRANCHISEE WOULD HAVE OWED TO GTN BUT FOR THE TERMINATION.

17.3 WAIVER OF CLASS ACTIONS. GTN and Franchisee agree that arbitration will be conducted on an individual, not a class wide basis and that an arbitration proceeding between GTN and GTN's affiliates, and GTN and GTN's respective shareholders, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's Owners, guarantors, affiliates, and/or employees) may not be consolidated with any other arbitration proceeding between GTN and any other person.

17.4 TIME LIMITATION. GTN and Franchisee agree to be bound by the provisions of any limitation on the period in which claims must be brought under applicable law or this Agreement, whichever expires earlier. GTN and Franchisee agree that, in any arbitration proceeding, each must submit or file any claim which would constitute 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 claim which is 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 Franchisee or GTN.

17.5 VENUE OTHER THAN ARBITRATION.

SUBJECT TO SUBSECTION 17.1 ABOVE AND THE PROVISIONS BELOW, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT OR OTHERWISE AS A RESULT OF THE RELATIONSHIP BETWEEN FRANCHISEE AND GTN MUST BE COMMENCED IN STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN DALLAS, TEXAS, AND FRANCHISEE (AND EACH OWNER) IRREVOCABLY SUBMIT TO THE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION FRANCHISEE (OR THE OWNER) MIGHT HAVE TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS. NONETHELESS, FRANCHISEE AND FRANCHISEE'S OWNERS AGREE THAT GTN MAY ENFORCE THIS AGREEMENT AND ANY ARBITRATION ORDERS AND AWARDS IN THE COURTS OF THE STATE OR STATES IN WHICH FRANCHISEE IS DOMICILED OR THE CO-BRAND FRANCHISED BUSINESS IS LOCATED.

17.6 LEGAL COSTS. If GTN incurs costs and expenses due to Franchisee's failure to pay when due amounts owed to GTN, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, Franchisee agrees, whether or not GTN initiate a formal legal proceeding, to reimburse GTN for all of the costs and expenses that GTN incurs, including, without limitation, reasonable accounting, collection agency fees, attorneys', arbitrators', and related fees.

Section 18. MISCELLANEOUS

18.1 NO LIABILITY FOR ACTS OF OTHER PARTIES. GTN and Franchisee may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that GTN'S respective relationship is other than franchisor and franchise Owner. GTN will not be obligated for any damages to any

person or property directly or indirectly arising out of the Co-Brand Franchised Business's operation, or the business Franchisee conducts under this Agreement.

18.2 ENTIRE AGREEMENT. The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the (which may be periodically modified, as provided in Section 11, Section 8, and Section 17 above), constitutes GTN'S and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between GTN and Franchisee, or oral or written representations by GTN, relating to the subject matter of this Agreement, the franchise relationship, or the Co-Brand Franchised Business (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require Franchisee to waive reliance on any representation that GTN made in the most recent Disclosure Document (including exhibits and amendments) that GTN delivered to Franchisee or Franchisee's representative.

Any policies that GTN adopts and implements from time to time to guide GTN in GTN's decision-making are subject to change, are not a part of this Agreement, and are not binding on GTN.

Except as provided in Subsections 16.1 and 18.5 nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Except where this Agreement expressly obligates GTN reasonably to approve or not unreasonably to withhold GTN's approval of any of Franchisee's actions or requests, GTN has the absolute right to refuse any request Franchisee makes or to withhold GTN's approval of any of Franchisee's proposed, initiated, or completed actions that require GTN's approval. The headings of the Sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these Sections or paragraphs.

References in this Agreement to GTN with respect to all GTN's rights and all of Franchisee's obligations to GTN under this Agreement, including any of GTN's affiliates with whom Franchisee deals. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling Franchisee or GTN. "**Control**" means the power to direct or cause the direction of management and policies.

If two (2) or more persons are at any time the Owners of the Co-Brand Franchised Business, whether as partners or joint venturers, their obligations and liabilities to GTN will be joint and several. References to "**principal**" mean any person holding a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in Franchisee (or a transferee of this Agreement and the Co-Brand Franchised Business or an ownership interest in Franchisee), including, without limitation, any person who has a direct or indirect interest in Franchisee (or a transferee), this Agreement, the NerdsToGo Office, or the Co-Brand Franchised Business and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

18.3 MODIFICATION. This Agreement is binding upon GTN and Franchisee and GTN's and Franchisee's respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to GTN's right to modify the Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both GTN's and Franchisee's duly-authorized officers.

18.4 CONSENT WAIVER. GTN and Franchisee may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights GTN or Franchisee has, will be subject to continuing review, and may be revoked at any time and for any reason, effective upon delivery of ten (10) days' prior written notice.

GTN and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including, without limitation, our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; GTN's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including, without limitation, any System Standard; GTN's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other NerdsToGo Offices; the existence of franchise agreements for other NerdsToGo Offices which contain provisions different from those contained in this Agreement; or GTN's acceptance of any payments due from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to GTN will be a waiver, compromise, settlement, or accord and satisfaction. GTN is authorized to remove any legend or endorsement, which then will have no effect.

Neither GTN nor Franchisee will be liable for loss or damage or be in breach of this Agreement if GTN's or Franchisee's failure to perform GTN's or Franchisee's obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; (4) pandemic; or (5) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalty Fees, Marketing Fund Contributions or Technology Fees due afterward.

18.5 CUMULATIVE REMEDIES. GTN's and Franchisee's rights under this Agreement are cumulative, and GTN's or Franchisee's exercise or enforcement of any right or remedy under this Agreement will not preclude GTN's or Franchisee's exercise or enforcement of any other right or remedy which GTN or Franchisee are entitled by law to enforce.

18.6 SEVERABILITY. Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, Franchisee and GTN agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of GTN's refusal to enter into a renewal franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and GTN may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. Franchisee agrees to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

18.7 GOVERNING LAW. ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN GTN AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY TEXAS LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

18.8 NOTICES. All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Manual will be deemed to be delivered:

- (a) at the time delivered by hand;
- (b) at the time delivered via electronic mail and, in the case of the Royalty Fees, Marketing Fund Contributions, Technology Fees and other amounts due, at the time we receive payment via the EFTA;
- (c) one (1) business day after transmission by facsimile or other electronic system if the sender has confirmation of successful transmission;
- (d) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or
- (e) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage pre-paid.

Any notice to GTN Capital Group, LLC, c/o of Legal Department, 2542 Highlander Way Carrollton, Texas 75006 must be sent to the address specified on the first page of this Agreement, although GTN may change this address for notice by giving Franchisee notice of the new address. Any notice that GTN sends to Franchisee, addressed to Franchisee at the notice address set forth in the Summary. You may change the person and/or address for notice only by giving us thirty (30) days' prior notice by any of the means specified in subparagraphs (a) through (e) above.

Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two (2) days before then) will be deemed delinquent.

18.9 HOLDOVER. If Franchisee continues operating the Co-Brand Franchised Business after the expiration of the Term without a renewal agreement or renewal franchise agreement executed by the parties in accordance with Subsection 3.2, then at any time (regardless of any course of dealing by the parties), GTN may by giving written notice to Franchisee (the "Holdover Notice") either (i) require Franchisee to cease operating the Co-Brand Franchised Business and comply with all post- closing obligations effective immediately upon giving notice or effective on such other date as GTN specifies, or (ii) bind Franchisee to a renewal Term of ten (10) years, and deem Franchisee and its Owners to have made the general release of liability described in Subsection 3.2(v).

18.10 JOINT AND SEVERAL LIABILITY. If two or more people sign this Agreement as "Franchisee", each will have joint and several liabilities.

18.11 NO OFFER AND ACCEPTANCE. Delivery of a draft of this Agreement to Franchisee by GTN does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and GTN.

Section 19. COMPLIANCE WITH ANTI-TERRORISM LAWS

Franchisee and Franchisee's Owners agree to comply, and to fully assist GTN to the fullest extent possible in our efforts to comply, with (A) all applicable economic sanction laws, including the various sanction regulations and guidelines of the U.S. Department of Treasury, Office of Foreign Assets Control, and the USA Patriot Act (Title III of Pub. L. 107-56, signed into law October 26, 2001), as amended; and (B) all applicable anti-corruption laws, including the United States Foreign Corrupt Practices Act of 1977, 15 U.S.C. §§ 78dd-1, et seq., as amended ("FCPA") (collectively, the "International Trade and National Security Laws. In connection with such compliance, Franchisee and Franchisee's Owners certify, represent, and warrant that none of Franchisee's property or interests or none of their property or interest is subject to being blocked under, and that Franchisee's and Franchisee's Owners otherwise are not in violation of, any of the International Trade and National Security Laws by Franchisee or Franchisee's Owners, or any blocking of Franchisee or Franchisee's Owners' assets under the International Trade and National Security Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Subsection 14.1 above.

Section 20. LIMITED LIABILITY

Franchisee agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of GTN shall have any liability for (i) any of GTN's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against GTN based on, in respect of, or by reason of, the relationship between Franchisee and GTN, or (iii) any claim against GTN based on any alleged unlawful act or omission by GTN.

Section 21. CERTIFICATION OF FRANCHISOR'S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) That Franchisee has independently investigated the NerdsToGo franchise opportunity and recognizes that, like any other business, the nature of the business that a NerdsToGo Office conducts may, and probably will, evolve and change overtime.
- (2) That an investment in a NerdsToGo Office involves business risks that could result in the loss of a significant portion or all of Franchisee's investment.
- (3) That Franchisee's business abilities and efforts are vital to Franchisee's success.
- (4) That attracting customers for Franchisee's Co-Brand Franchised Business will require Franchisee to make consistent marketing efforts in Franchisee's community through various methods, including media advertising, sales and direct mail advertising, and display and use of in-Co-Brand Franchised Business promotional materials and proactive outside sales activities.

- (5) That retaining customers for Franchisee's Co-Brand Franchised Business will require Franchisee to have a high level of customer service, produce and deliver an on-time quality product, and adhere strictly to the Franchise System and GTN's System Standards and that Franchisee is committed to maintaining System Standards.
- (6) That Franchisee has not received from GTN, and are not relying upon, any representations or guarantees, express, or implied, as to the potential volume, sales, income, or profits of a NerdsToGo Office, except as described in GTN's Franchise Disclosure Document.
- (7) That in all GTN's dealings with Franchisee, GTN's officers, directors, employees, and agents act only in a representative, and not in an individual, capacity and that business dealings between Franchisee and them because of this Agreement are deemed to be only between Franchisee and GTN.
- (8) That Franchisee has represented to GTN, to induce GTN's entry into this Agreement, that all statements Franchisee has made, and materials Franchisee has given to GTN are accurate and complete and that Franchisee has made no misrepresentations or material omissions in obtaining the NerdsToGo Office.
- (9) That Franchisee has read this Agreement and GTN's Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for GTN to maintain GTN's high standards of quality and service, as well as the uniformity of those standards at each NerdsToGo Office, and to protect and preserve the goodwill of the Marks.
- (10) That GTN has the right to restrict Franchisee's sources of other goods and services, as provided in various Sections of this Agreement.
- (11) That GTN has not made any representation, warranty, or other claim regarding this NerdsToGo franchise opportunity, other than those made in this Agreement and GTN's Franchise Disclosure Document, and that Franchisee has independently evaluated this opportunity, including by using Franchisee's business professionals and advisors, and have relied solely upon those evaluations in deciding to enter into this Agreement.
- (12) That Franchisee has been afforded an opportunity to ask any questions Franchisee has and to review any materials of interest to Franchisee concerning the NerdsToGo Office franchise opportunity.
- (13) That Franchisee has been afforded an opportunity, and has been encouraged by GTN, to have this Agreement and all other agreements and materials GTN has given or made available to Franchisee reviewed by an attorney and has either done so or waived Franchisee's right to do so.

[Signatures on next page]

Agreed to by:

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISEE:

[if an individual:]

Name: _____
Date: _____

[if an entity:]

Name: _____
Title: _____
Date: _____

ATTACHMENT A TO CO-BRAND FRANCHISE AGREEMENT

TERRITORY

1. The Premises of the Co-Brand Franchised Business will be located at:

2. The Territory shall be:

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:
(if an individual)

By: _____

Name: _____

Date: _____

ATTACHMENT B TO CO-BRAND FRANCHISE AGREEMENT

OWNERSHIP INFORMATION

5. **Form of Ownership.** Franchisee is a (check one):

- _____ *Sole Proprietorship*
- _____ *Partnership*
- _____ *Limited Liability Company*
- _____ *Corporation*

State of Formation: _____

6. **Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

7. **Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

SIGNATURES ON THE NEXT PAGE

FRANCHISOR:

GTN CAPITAL GROUP LLC,
a Connecticut limited liability company

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

(if an individual)

By: _____

Name: _____

Date: _____

**ATTACHMENT C TO CO-BRAND FRANCHISE AGREEMENT KEY
MANAGEMENT EMPLOYEE DESIGNATION**

In accordance with my Franchise Agreement, this is to verify and validate that Franchisee designates _____ as my Key Management Employee to devote his/her full time, best efforts and personal attention to the day-to-day management and operation of the NerdsToGo Co-Brand Franchised Business number _____.

If the Key Management Employee is not able to continue to serve or no longer qualifies to act as the Key Management Employee, Franchisee will notify GTN Capital Group, LLC and designate a replacement Key Management Employee within thirty (30) days after the Key Management Employee ceases to serve in this position.

FRANCHISEE: _____

Franchisee Signature: _____

Co-Brand Franchised Business Number: _____

ATTACHMENT D
TO CO-BRAND FRANCHISE AGREEMENT CONFIDENTIALITY
AND NON-COMPETE AGREEMENT

This Agreement is made and entered into on _____, 20____, between _____ (“Franchisee”) and _____ (“Covenantor”).

WHEREAS, Franchisee is a licensed franchisee GTN Capital Group, LLC, a Connecticut limited liability company (“GTN”), operating a NerdsToGo Office (the “**Co-Brand Franchised Business**”) using the GTN system and certain confidential information for the operation of managed services business, and technology and computer repair service business; and

WHEREAS, GTN owns, and has provided access to Franchisee to certain non-public information of or about GTN’s operating system, GTN, and any NerdsToGo Office, including all methods for developing and operating the Co-Brand Franchised Business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information, and know-how (collectively, “**Confidential Information**”); and

WHEREAS, Covenantor will have access to the Confidential Information; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises, and covenants made by Covenantor herein.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

Confidentiality Agreement.

Covenantor shall maintain all Confidential Information. Covenantor shall not at any time make copies of any documents or compilations containing any Confidential Information for any purpose without the express written permission of Franchisee and GTN. Covenantor shall not disclose or permit the disclosure of any Confidential Information to any party except other employees or persons associated with Franchisee and only to the extent necessary to train or assist other employees of Franchisee in the operation of the Co-Brand Franchised Business. This covenant shall always continue in full force and effect during and after the Covenantor’s employment with Franchisee.

This is also to provide you with notice that, pursuant to 18 U.S.C. §1833(b), an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret: (i) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law; and/or (ii) made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, please note that an individual who files a lawsuit for retaliation by an employer for reporting a

suspected violation of law may disclose a trade secret to his or her attorney and use the trade secret information in the court proceeding, provided that such individual (i) files any document containing the trade secret under seal, and (ii) the individual does not disclose the trade secret, except pursuant to a court order.

In-Term Covenant Not to Compete.

To protect the goodwill and unique qualities of the NerdsToGo system and the confidentiality and value of the Confidential Information, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor covenants that, during the time Covenantor is associated with Franchisee, Covenantor will not:

1. Directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor.
2. Divert or attempt to divert, directly or indirectly or divert, any business, business opportunity or customer of Franchisee or of any other NerdsToGo Office to any Competitor, by direct or indirect inducement or otherwise. “**Competitor**” means any business offering computer and technology repair or service.

Post-Term Covenant Not to Compete.

In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the NerdsToGo system, Covenantor agrees that for two (2) years following the termination of Covenantor’s employment with Franchisee, Covenantor will not, without the prior written consent of GTN:

3. Directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any Competitor within five (5) miles of Franchisee’s Territory or the territory of any other NerdsToGo Office operating on the date of expiration, termination, or transfer, as applicable.

Irreparable Injury.

Covenantor agrees that in the event of a breach of this Agreement, Franchisee and GTN would be irreparably injured and would be without an adequate remedy at law. Therefore, in the event of such a breach or threatened breach, Franchisee and/or GTN shall be entitled, in addition to any other remedies which are made available to it at law or equity, to a temporary and/or permanent injunction, without the necessity of showing actual or threatened harm, and without being required to furnish a bond or other security.

Third-party Beneficiary.

GTN is expressly intended to be a third-party beneficiary of this Agreement. GTN shall have the right to enforce this Agreement and all provisions hereof.

No Waiver.

Any failure by Franchisee or GTN to object to or act with respect to any breach of any provision of the Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

Enforcement.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCEPT FOR TEXAS CHOICE OF LAW RULES. COVENANTORS HEREBY IRREVOCABLY SUBMIT THEMSELVES TO THE JURISDICTION OF THE STATE COURTS OF DALLAS COUNTY, TEXAS, AND THE FEDERAL DISTRICT COURTS FOR THE NORTHERN DISTRICT OF TEXAS, DALLAS, DIVISION. COVENANTORS HEREBY WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTORS HEREBY AGREE THAT SERVICE OF PROCESS MAY BE MADE UPON HIM IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY TEXAS OR FEDERAL LAW.

COVENANTORS FURTHER AGREE THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE DALLAS COUNTY, TEXAS; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION WHICH INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE WHICH HAS JURISDICTION.

Severability.

Each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant is held unreasonable or unenforceable, Covenantor expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

Entire Agreement.

This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a writing executed by all parties.

IN WITNESS WHEREOF, the undersigned has entered into this Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Title: _____

Date: _____

COVENANTOR:

By: _____

Date: _____

ATTACHMENT E TO THE
CO-BRAND FRANCHISE AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is as of the date that certain Co-Brand Franchise Agreement (the “**Agreement**”) is signed by us as described below.

By (**list each guarantor**):

In consideration of, and as an inducement to, the execution of that certain Agreement on this date by GTN Capital Group LLC (“**us**,” “**we**,” or “**our**”), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that _____ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, transfer, and arbitration requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement (including extensions), for so long as any performance is or might be owed under the Agreement by Franchisee or its principals, and for so long as we have any cause of action against Franchisee or its principals; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising because of

the undersigned's execution of, and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a judicial or arbitration proceeding, and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur.

Subject to the arbitration obligations above and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between us and the undersigned, must be commenced in state or federal court of general jurisdiction in Dallas, Texas, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that we may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

Signatures of Each Guarantor

Percentage of Ownership Interest in Franchisee

_____	_____ %
_____	_____ %
_____	_____ %

ATTACHMENT F
RENEWAL ADDENDUM TO CO-BRAND FRANCHISE AGREEMENT
RENEWAL BY FRANCHISEE

THE GTN CAPITAL GROUP LLC. RENEWAL FRANCHISE AGREEMENT (“**Renewal Co-Brand Franchise Agreement**”) between GTN Capital Group LLC, a Connecticut limited liability company (“**GTN**”) located at 2542 Highlander Way, Carrollton, Texas 75006-233, whose principal address is _____ and _____ (“**Franchisee**”) as of the date signed by us and set forth opposite our signature on this Addendum (“**Effective Date**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Renewal Franchise Agreement (the “**Addendum**”):

WHEREAS, Franchisee’s existing Co-Brand Franchise Agreement dated _____ expires on _____, 20 (“**Co-Brand Franchise Agreement**”);

WHEREAS, the Renewal Co-Brand Franchise Agreement is effective on the Effective Date; and

WHEREAS, the term of the Renewal Co-Brand Franchise Agreement commences on _____ 20 _____; and

WHEREAS, certain provisions contained in the Renewal Co-Brand Franchise Agreement are amended to be consistent with the Franchisee’s renewal of an existing Co-Brand Franchised Business.

III. INCORPORATION OF TERMS OF RENEWAL CO-BRAND FRANCHISE AGREEMENT

This Addendum shall amend and supplement the Renewal Co-Brand Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the Renewal Co-Brand Agreement, and concerning any conflict between the two agreements, the terms of this Addendum shall be controlling concerning the subject matter thereof.

IV. AMENDMENT TO THE RENEWAL CO-BRAND FRANCHISE AGREEMENT

The Renewal Co-Brand Agreement shall be amended as follows:

1. Fees

Subsection 4.1, the Initial Franchise Fee, of the Renewal Co-Brand Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Upon signing this Co-Brand Franchise Agreement, Franchisee agrees to pay GTN a renewal fee of _____ Dollars (\$ _____) which shall be deemed fully earned and nonrefundable upon execution of this Co-Brand Franchise Agreement in consideration of the administrative and other expenses incurred by GTN in renewing the Co-Brand Franchise Agreement.

Subsection 4.2, Royalty Fee, of the Renewal Co-Brand Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Gross Sales of the Co-Brand Franchised Business shall be reported monthly to GTN through the Computer System by the fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Manual otherwise prescribes), a monthly royalty fee equal to the greater of one thousand dollars (\$1,000) or seven percent (7%) of Gross Sales (“**Royalty Fee**”) through the end of the Term of the Co-Brand Franchise Agreement. The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

Subsection 4.3, Reduced Royalty Fee, of the Renewal Co-Brand Franchise Agreement shall be deleted in its entirety.

Subsection 4.6, Marketing Fund Contribution, of the Renewal Co-Brand Agreement, shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Franchisee agrees to contribute to the Marketing Fund Contribution of two percent (2%) of the Co-Brand Franchised Business’s Gross Sales (“**Marketing Fund Contribution**”) which is paid in the same manner as the Royalty Fee through the end of the Term of the Co-Brand Franchise Agreement.

Subsection 4.7, Reduced Marketing Fund Contribution, of the Renewal Co-Brand Franchise Agreement, shall be deleted in its entirety.

2. Location, Development, and Opening

Subsection 6.1, Determining Location and Territory, of the Renewal Co-Brand Agreement shall be deleted in its entirety and replaced with the following:

The Co-Brand Franchised Business is described in **Attachment A** to the Co-Brand Franchise Agreement.

Subsections 6.2, 6.3, 6.5, and 6.6 of the Renewal Co-Brand Franchise Agreement shall be deleted in their entirety.

3. Marketing

The first paragraph of Subsection 9.7 of the Renewal Co-Brand Franchise Agreement shall be deleted in its entirety.

4. Remodeling

Subsection 7.15 of the Renewal Co-Brand Franchise Agreement shall be supplemented by the addition of the following paragraph as if it were an original part of the Renewal Co-Brand Franchise Agreement:

Upon execution of the Co-Brand Franchise Agreement, the Franchisee agrees to renovate and modernize the facilities and equipment used in the Co-Brand Franchised Business to GTN’s then-current standards for NerdsToGo Offices under the System no later than six (6) months after execution of this Co-Brand Franchise Agreement.

5. Default and Termination

Subsection 14.1(e), (iv), (v), and (vii) of the Renewal Co-Brand Franchise Agreement shall be deleted in their entirety.

6. Acknowledgments

Unless otherwise agreed in writing by GTN, all amounts owed to GTN or GTN’s affiliates in accordance with the Co-Brand Franchised Agreement dated _____, between Franchisee and GTN and all other agreements and documents incorporated in that Co-Brand Franchise Agreement for the Franchised Business will be transferred to the amounts owed as reflected in this Renewal Co-Brand Franchise Agreement.

IN WITNESS WHEREOF, Franchisee acknowledges that Franchisee has read and understands the contents of this Addendum, that Franchisee has had an opportunity to obtain the advice of counsel, and that Franchisee intends to comply with this Addendum and be bound thereby. The parties have executed and delivered this Addendum to the Renewal Co-Brand Franchise Agreement on the dates noted below, to be effective as of the Effective Date.

GTN CAPITAL GROUP, LLC,
a Connecticut Limited Liability Company

FRANCHISEE:

By: _____

By: _____

Name: _____

Title: _____

Title: _____

DATED: _____

DATED*: _____

(*Effective Date of this Renewal Franchise Agreement)

ATTACHMENT G TO CO-BRAND FRANCHISE AGREEMENT
AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

GTN CAPITAL GROUP, LLC/PAYEE

BANK NAME

ACCOUNT#

ROUTING#

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

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

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

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

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

Name of Depository: _____

Name of Depositor: _____

Designated Bank Acct.: _____

(Please attach one voided check for the above account)

Co-Brand Franchised Business: _____

Co-Brand Franchised Business #: _____

For Information call: _____

Address: _____

Phone #: _____

Fax #: _____

Name of Franchisee/Depositor (please print)

By: _____

Signature and Title of Authorized Representative

DATE: _____

ATTACHMENT H TO CO-BRAND FRANCHISE AGREEMENT
ACKNOWLEDGMENT OF UNDERSTANDING BY FRANCHISEE REGARDING
TRAINING AND JOINT EMPLOYMENT

This Acknowledgment ("**Acknowledgment**") is provided by GTN Capital Group LLC, ("**Franchisor**") to clarify the relationship between the Franchisor and _____ ("**Franchisee**") in the context of franchising. This Acknowledgment is intended to inform all parties involved, including potential franchisees, that no joint employer relationship exists between the Franchisor and its franchisees.

1. Independent Business Entities: Franchisor and Franchisee are independent business entities. Franchisee operates as a separate legal entity and is solely responsible for Franchisee's employees, operations, and business decisions.

2. Franchisee's Autonomy: Franchisee has the autonomy to manage Franchisee's employees, including hiring, training, supervising, and terminating them. Franchisor does not exercise control or direct involvement in the day-to-day operations of the Franchisee's Center, including employment-related matters.

3. No Control over Employment Decisions: Franchisor does not control or have the authority to control the hiring, firing, scheduling, or compensation of the Franchisee's employees. The Franchisee is solely responsible for all employment-related decisions and compliance with applicable labor laws.

4. No Shared Liability: Franchisor and Franchisee operate as separate legal entities, and any liabilities arising from the actions or decisions of the Franchisee, including employment-related matters, are the sole responsibility of the Franchisee. Franchisor shall not be held liable for any claims, disputes, or damages arising from the Franchisee's employment practices.

5. Clear Distinction: Franchisor maintains a clear distinction between its role as a Franchisor, providing support, guidance, and brand standards, and the Franchisee's role as an independent business owner responsible for their own operations, including employment-related matters.

6. Compliance with Laws: Franchisee is responsible for complying with all applicable employment laws, including but not limited to, minimum wage laws, overtime laws, anti-discrimination laws, and health and safety regulations. Franchisor encourages Franchisee to seek legal advice to ensure compliance with all relevant laws and regulations.

FRANCHISEE:

(IF YOU ARE TAKING THE FRANCHISE AS A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP):

[Print Name of Franchisee Entity]

By: _____
[signature of person signing on behalf of entity]

Title of Signator: _____

DATED: _____

(IF YOU ARE TAKING THE FRANCHISE INDIVIDUALLY AND NOT AS A LEGAL ENTITY):

[signature of individual franchisee]

Print Name: _____

DATED: _____

[signature of individual franchisee]

Print Name: _____

DATED: _____

ATTACHMENT I TO THE
ADDENDUM TO CO-BRAND FRANCHISE AGREEMENT
TRANSFER OF INTEREST

THE GTN CAPITAL GROUP, LLC CO-BRAND FRANCHISE AGREEMENT (“**Co-Brand Franchise Agreement**”) between _____, a _____, whose principal address is _____ (“**Franchisee**”) and GTN CAPITAL GROUP, LLC, a Connecticut limited liability company located at 2542 Highlander Way, Carrollton, Texas 75006-2333 (“**GTN**”) as of the date signed by us and set forth opposite our signature on this Addendum (the “**Effective Date**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Addendum**”):

I. Certain provisions contained in the Co-Brand Franchise Agreement are amended to be consistent with your purchase of an existing NerdsToGo Office).

II. INCORPORATION OF TERMS OF CO-BRAND FRANCHISE AGREEMENT

This Addendum shall amend and supplement the Co-Brand Franchise Agreement simultaneously executed by the parties herein. The terms, covenants, and conditions of this Addendum are incorporated into the Co-Brand Franchise Agreement, and with respect to any conflict between the two agreements, the terms of this Addendum shall be controlling with respect to the subject matter thereof.

III. ADDENDUMS TO THE CO-BRAND FRANCHISE AGREEMENT

The Co-Brand Franchise Agreement shall be amended as follows:

1. Fees

Subsection 4.1, the Initial Franchise Fee, of the Co-Brand Franchise Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Upon signing this Co-Brand Franchise Agreement, Franchisee agrees to pay GTN a transfer fee of _____ dollars (\$ _____) which shall be deemed fully earned and nonrefundable upon execution of this Co-Brand Franchise Agreement in consideration of the costs and expenses associated with reviewing the transfer and training cost for the Franchisee.

Subsection 4.2, Royalty Fee, of the Co-Brand Franchise Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Gross Sales of the Co-Brand Franchised Business shall be reported monthly to GTN through the Computer System by fifth (5th) day of the following month. Franchisee agrees to pay GTN, in the manner described below, (or as the Operations Manual otherwise prescribes), a monthly fee royalty fee equal to the greater of one thousand dollars (\$1,000) or seven percent (7%) of Gross Sales (“**Royalty Fee**”) through the end of the Term of the Co-Brand Franchise Agreement. The Royalty Fee for any given month is due to GTN immediately after the royalty report is received by GTN from the Computer System.

Subsection 4.3, Reduced Royalty Fee, of the Co-Brand Franchise Agreement shall be deleted in its entirety.

Subsection 4.6, Marketing Fund Contribution, of the Co-Brand Franchise Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

Franchisee agrees to contribute to the Marketing Fund Contribution of two percent (2%) of the Franchised Business's Gross Sales ("Marketing Fund Contribution") which is paid in the same manner as the Royalty Fee through the end of the Term of the Co-Brand Franchise Agreement.

Subsection 4.7, Reduced Marketing Fund Contribution, of the Co-Brand Franchise Agreement shall be deleted in its entirety.

2. Location, Development, and Opening

Subsection 6.1, Determining Location and Territory, of the Co-Brand Franchise Agreement shall be deleted in its entirety and replaced with the following:

Franchisee's Franchised Business is described in Attachment A to the Co-Brand Franchise Agreement.

Subsections 6.2, 6.3, 6.5, and 6.6 of the Agreement shall be deleted in their entirety.

3. New Franchisee Training

The phrase "opening the Location" shall be changed to "taking possession of the Location in Subsection 6.4, New Franchisee Training, of the Co-Brand Franchise Agreement.

4. Marketing

The first paragraph of Subsection 9.7. of the Co-Brand Franchise Agreement shall be deleted in its entirety and the following shall be substituted in lieu thereof:

9.8 MARKET INTRODUCTION PLAN. Upon signing the Co-Brand Franchise Agreement, Franchisee will pay nine thousand dollars (\$9,000) to GTN for initial advertising for Co-Brand Franchised Business. This will be administered by GTN's marketing department. GTN will create a marketing and advertising plan for Franchisee's Co-Brand Franchised Business and will allocate Franchisee's required initial marketing and advertising pre-paid dollars to local programs at GTN's sole discretion that will be scheduled to run for four (4) months. The programs in the initial marketing and advertising plan may include direct mail marketing, local digital advertising including Pay-Per-Click advertising, virtual sales assistant customer prospecting email campaigns and sales promotion items. There are twelve (12) months of virtual sales assistant customer prospecting email campaigns included in Franchisee's initial marketing and advertising plan.

9.9 Marketing programs are evaluated for effectiveness and GTN may make changes to the tactics to optimize the initial marketing and advertising plan. If additional funds remain after GTN outlines the spending on these programs and materials on the elements above, other programs such as local media or association marketing opportunities can be discussed for inclusion in the pre-paid portion of the marketing plan. The marketing plan will also include recommended programs and spending that Franchisee can choose to implement or not or modify as desired beyond the pre-paid fund

amount. These recommended programs and their associated costs are not included in the initial advertising costs of nine thousand dollars (\$9,000) payable to GTN. The monthly website fee of two hundred fifty (\$250) is not included in the pre-paid portion of the marketing plan. Franchisee agrees to comply with GTN's guidelines for this initial marketing and advertising plan. GTN recommends that Franchisee invest additional amounts to local marketing during the first year of the Co-Brand Franchised Business's operation.

IN WITNESS WHEREOF, Franchisee acknowledges that Franchisee has read and understands the contents of this Addendum, that Franchisee has had an opportunity to obtain the advice of counsel, and that Franchisee intends to comply with this Addendum and be bound thereby. The parties have executed and delivered this Addendum to the Co-Brand Franchise Agreement on the dates noted below, to be effective as of the Effective Date.

GTN CAPITAL GROUP, LLC,
a Connecticut Limited Liability Company

FRANCHISEE:

By: _____

By: _____

Name: _____

Title: _____

Title: _____

DATED: _____

DATED*: _____

(*Effective Date of this Co-Brand Franchise Agreement)

EXHIBIT E

INFORMATION ABOUT AREA REPRESENTATIVES

Texas

Elvin Lee Caraway, III – President, N2G Development, LLC. Mr. Caraway has been an Area Representative through N2G Development, LLC, in Fort Worth, Texas, since May 2017. He is also a member of our NerdsToGo Advisory Council. He has also been self-employed as an attorney/businessman since 1991 in Fort Worth, Texas.

Robert E. Freeman – Partner, N2G Development, LLC. Mr. Freeman has been an Area Representative through N2G Development, LLC, in Ft. Worth, Texas, since May 2017. He is also a member of our NerdsToGo Advisory Council. He has been self-employed in the design and real estate industry since 1983.

Tennessee

Don Dally – Mr. Dally has been an Area Representative for NerdsToGo in Tennessee since December 2019. Mr. Dally also served as the Chief Information Officer for Proctor U serving the Birmingham, Alabama, area since December 2019. Mr. Dally served as Chief Technology Officer for Perfect Serve, Inc. in Knoxville, Tennessee, from October 2001 until November 2018.

EXHIBIT “F” TO DISCLOSURE DOCUMENT

**INITIAL FRANCHISE FEE ACKNOWLEDGEMENT FOR 401K OR ROLLOVER
FINANCING TO GTN CAPITAL GROUP LLC**

I understand that my application for the grant of a franchise to operate a NerdsToGo Office in the general area of _____, has been approved and I have received a Franchise Agreement for execution. To continue the process of obtaining a license to operate a NerdsToGo Office, I am submitting this Franchise Agreement, this Initial Franchise Fee Acknowledgement (this “Acknowledgement”) and my deposit in the amount of Twenty Thousand Dollars (\$20,000) (“**Franchise Fee Deposit**”) to GTN Capital Group LLC (“**Franchisor**”).

In connection with my deposit, I understand and acknowledge the following:

My entire Franchise Fee Deposit will be applied toward the initial Franchise Fee payable under the Franchise Agreement.

Upon my submission of the signed Franchise Agreement, this Acknowledgement and my Franchise Fee Deposit to Franchisor, my Franchise Fee Deposit will be immediately non-refundable. This amount will be deemed earned by Franchisor for processing of my Franchise Agreement and for services performed following the effective date of my Franchise Agreement.

Upon receipt of the balance of my funds for the Initial Franchise Fee from my 401(k), IRA or other qualified retirement account roll-over, I will pay Franchisor. The payment of the balance of the Initial Franchise Fee to Franchisor will be paid no later than thirty (30) days from the Effective Date of the Franchise Agreement. If I am unable to obtain the balance of my funds for the Initial Franchise Fee from my 401(k), IRA or other qualified retirement account roll-over, I will notify Franchisor.

The Franchisor will have no obligation to return my Franchise Fee Deposit, regardless of whether I or Franchisor performs any services or obligations following submission of my Franchise Fee Deposit.

Franchisor’s obligations with respect to my Franchise Fee Deposit are those of a debtor and not a trustee and Franchisor may maintain my deposit separate and apart from Franchisor’s general funds or may commingle my Franchise Fee Deposit with its general funds.

I have received Franchisor's Franchise Agreement, including this Acknowledgement, more than fourteen (14) calendar days before the date of my execution hereof.

FRANCHISEE:

By: _____

Name: _____

Title: _____

FRANCHISOR:

GTN Capital Group LLC,
a Connecticut Limited liability company

By: _____

Its: _____

*Dated: _____

(*Effective Date of this Initial Franchise Fee Acknowledgement for
401K or Rollover Financing) FRANCHISE FEE DEPOSIT
RECEIVED SUBJECT TO ABOVE TERMS

**CONVERSION/CO-BRAND PROMISSORY NOTE
(DIRECT FINANCING) EXHIBIT G**

PROMISSORY NOTE

Payee: GTN Capital Group, LLC

Maker: _____

Principal Amount: \$34,750

Interest Rate: 0% annually _____, 20

For value received, the undersigned (whether one or more, jointly and severally), individually and personally (the “**Maker**”), promises to pay to the order of GTN Capital Group, LLC, a Connecticut limited liability company (“**GTN**” or “**Payee**”) its transferees, successors or assigns, at c/o Propelled Brands Franchising LLC, 2542 Highlander Way, Carrollton, Texas 75006-2333, or at such other address as the Payee hereof shall specify in writing to the undersigned, the sum of Thirty-Four Thousand Seven Hundred Fifty and no/100 Dollars (\$34,750), legal and lawful money of the United States of America from the date hereof until maturity.

The principal of Nine Hundred Sixty-Five Dollars and 28/100 (\$965.28) shall be due and payable in thirty-six (36) monthly installments on the twenty-fifth (25th) day of each month. The first payment is due thirty (30) days after commencement of operation as a NerdsToGo location by Maker.

Upon the occurrence of any of the following events of default, Payee, at its option and without notice to Maker, may declare the entire unpaid principal balance of this Note together with all other indebtedness of Maker to Payee, to be immediately due and payable: (a) Maker’s failure to pay any principal, or any other charge or expense payable hereunder, when due and payable hereunder; (b) any breach or default by Maker of any warranty, representation, covenant, term or condition stated herein, in the Agreement, or in any other security instrument, affidavit or other agreement or instrument between Maker and Payee; (c) if the Franchise Agreement is terminated for any reason by Maker or Payee, (d) if Maker is generally not paying its debts as such debts become due; (e) the commencement of any proceedings under any bankruptcy or insolvency laws by or against Maker; or (f) the sale, assignment, transfer or conveyance of all or substantially all of Maker’s assets. Upon any such event of default, Payee may (in addition to accelerating the debt) exercise all rights and remedies available to it under this Note, under any other security instrument, affidavit or other document instrument executed in connection with or pursuant to this Note, and otherwise at law and in equity, all such rights and remedies being cumulative, and not exclusive.

Upon the occurrence of any event of default, the entire indebtedness shall be matured, at the option of the Payee; and in the event default is made in the prompt payment of this Note when due or declared due, and the same is placed in the hands of an attorney for collection or suit is brought on the same, or the same is collected through Probate, Bankruptcy or other judicial proceedings, then Maker agrees and promises to pay a reasonable attorneys’ fee for collection, which in no event shall be less than ten percent (10%) of the principal then owing. Neither the failure, partial failure, nor any delay on the part of Payee to exercise any right, power or privilege hereunder shall operate as a waiver thereof.

This Note may be prepaid, in whole or in part, without premium or penalty, as of the date of any regularly scheduled payment hereunder.

Each Maker, surety and endorser of this Note expressly waives all notices, demands for payment, presentations for payment, notices of intention to accelerate the maturity, protest and notice of protest, as to this Note and as to each, every and all installments hereof, and each consent that the Payee or any other creditor under this Note may at any time, and from time to time, upon request of or by agreement with any of us, extend the maturity date hereof or change the time or method of payments without notice to any of the other makers, sureties or endorsers, who shall remain bound for the payment hereof.

No delay or failure of Payee in exercising any right, remedy, power or privilege hereunder shall operate as a waiver or otherwise affect such right, remedy, power or privilege, nor shall any single or partial exercise thereof preclude the exercise of any other right, remedy, power or privilege. No delay or failure of Payee at any time to demand strict adherence to the terms of this Note shall be deemed to constitute a waiver of any such rights or a course of conduct inconsistent with Payee's right at any time, before or after an event of default, to demand strict adherence to the terms of this Note. Payee shall not be deemed to have waived any of its rights hereunder unless the same shall be in writing signed by Payee, and each such waiver, if any, shall be a waiver only with respect to the specific matter or matters to which the waiver relates and shall not impair the rights of Payee or the obligations of Maker in any other respect.

Maker shall not assign or otherwise transfer this Note (in whole or in part), nor shall Maker delegate any or all its obligations hereunder without the prior written consent of Payee, which consent may be withheld for any reason or for no reason. No assignment or other transfer of this Note shall be construed to release Maker from any of its obligations or liabilities hereunder, whether accruing before or after such assignment or transfer.

This Note shall be binding upon Maker and its successors and permitted assigns and shall inure to the benefit of and be enforceable by Payee and its successors and assigns.

If any term or provision of this Note or the 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 each term and provision of this Note shall be valid and be enforced to the fullest extent permitted by law.

The liability of each Maker executing this Note shall be joint and several and the term "Maker" shall mean each and all such Makers.

To induce Payee to extend to Maker the loan evidenced by this Note, Maker irrevocably agrees that, subject to Payee's sole and absolute election, ALL ACTIONS OR PROCEEDINGS IN ANY WAY ARISING OUT OF OR RELATED TO THIS NOTE WILL BE LITIGATED EXCLUSIVELY IN THE STATE OR FEDERAL COURT OF GENERAL JURISDICTION IN DALLAS, TEXAS. MAKER AND PAYEE EACH WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS NOTE.

IN WITNESS WHEREOF, the undersigned have executed this Note as of the date and year first set forth above.

MAKER:

By: _____

Title: _____

This Note is personally guaranteed by (the “**Guarantor**”). Guarantor unconditionally guarantees payment to Payee of all amounts owing under the Note. This Guarantee remains in effect until the Note is paid in full. Guarantor must pay all amounts due under the Note when Payee makes written demand upon Guarantor. Payee is not required to seek payment from any other source before demanding payment from Guarantor.

GUARANTOR:

By: _____

EXHIBIT H

OPERATING MANUAL TABLE OF CONTENTS

TABLE OF CONTENTS

1. PURPOSE OF THE MANUAL	8
2. HOW TO USE THIS MANUAL	9
3. THE FRANCHISE DEFINED	11
1. THE <i>NERDSTOGO</i> HISTORY	2
2. THE <i>NERDSTOGO</i> MISSION	4
1. OVERVIEW	2
2. THE FRANCHISEE/FRANCHISOR RELATIONSHIP	3
2.1. Independent Contractor	3
2.2. Independently Owned and Operated	3
2.3. You Are the CEO of Your Business	3
2.4. Joint Employment & Vicarious Liability	4
2.5. Prices & Price Fixing	4
2.5.I. Accidental Price Fixing	5
3. OUR RESPONSIBILITIES	6
3.1. Pre-opening Assistance	6
3.2. Continuing Assistance	7
4. YOUR OBLIGATIONS AS A FRANCHISEE	9
4.1. Participation in the Business	9
4.2. Compliance	9
4.2.I. The <i>NerdsToGo</i> Standards	9
4.2.2. Laws	9
4.2.3. PCIDSS Compliance	10
4.3. Products & Services	10
4.3.I. Alternative Suppliers	10
4.4. Fees & Taxes	11
4.4.I. Fees	11
4.4.1.1. Non-Sufficient Fees	11
4.4.2. Taxes	11
4.5. Confidentiality	11
4.6. Site Selection and Lease Acquisition	12
4.7. Site Development	12
4.8. Pre-opening Purchases/Leases	12
4.8.I. Equipment	12

4.8.2.	Signage.....	12
4.8.3.	Computers, Software & Technology.....	12
4.8.4.	Vehicles	13
4.9.	Initial Training	13
4.10.	Additional Training.....	14
4.10.1.	Annual Meeting	14
4.11.	Market Introduction Plan	14
4.12.	Approved Marketing & Advertising.....	15
4.12.1.	Local Marketing & Advertising	15
4.12.2.	Promotional Campaigns.....	16
4.12.3.	Internet & Social Media Presence.....	16
4.13.	Gift Cards & Loyalty Programs	17
4.14.	Use of Marks & Proprietary Information.....	17
4.15.	Books, Records & Reports.....	18
4.15.1.	Chart of Accounts.....	19
4.15.2.	Accounting System.....	19
4.16.	Audits and Inspections.....	19
4.16.1.	Government Inspections.....	20
4.17.	Legal Actions and Investigations	20
4.18.	Insurance	21
4.18.1.	Certificates of Insurance.....	22
4.19.	Maintenance & Remodeling.....	22
4.20.	Criteria for Development of an Additional Location	22
5.	CREATING YOUR NERDSTOGO BUSINESS	24
5.1.	Establishing a Business Entity.....	24
5.2.	Allowable Use of the Name.....	24
5.2.1.	Sample Business Names.....	24
5.3.	Tax Identification Numbers	25
1.	OVERVIEW	2
2.	CENTER & GENERAL OPERATIONS STANDARDS	3
2.1.	Minimum Hours of Operation	3
2.1.1.	Holidays.....	3
2.2.	Clothing & Appearance Standards.....	3
2.2.1.	Dress Code Standards	3
2.2.2.	Appearance.....	4
2.3.	Pets in <i>NerdsToGo</i> Business	5
2.4.	Holiday Decor	6
2.5.	Interior Signs & Marketing	6
2.5.1.	Required Disclaimer Posting.....	6
2.6.	Music	7

2.7.	WiFi.....	7
3.	VEHICLE STANDARDS	8
4.	CLEANLINESS & ORGANIZATION STANDARDS	10
4.1.	Interior	10
4.1.1.	Equipment	10
4.1.2.	Customer Service Area.....	10
4.1.3.	Lighting	11
4.1.4.	Flooring	11
4.1.5.	Windows and Doors	11
4.1.6.	Walls.....	11
4.1.7.	Trash Cans	11
4.1.8.	Ceilings.....	12
4.1.9.	Restrooms	12
4.2.	Exterior.....	12
4.2.1.	Landscaping and Parking Lot	12
4.2.2.	Lighting	13
4.2.3.	Signs	13
4.3.	Facilities Maintenance Standards	13
5.	SERVICE STANDARDS	15
5.1.	Greeting Customers	15
5.1.1.	In Person	15
5.1.2.	Telephone.....	15
5.2.	In Home Behavior Standards	15
5.3.	In-store Thank You & Send Off	16
6.	EVALUATIONS.....	17
7.	REQUESTS FOR INFORMATION.....	18
7.1.	Franchise Information	18
8.	VARIANCES	19
8.1.	What is a Variance?	19
8.2.	Requesting a Variance	19
8.3.	Requesting New Products/ Items.....	19
1.	OVERVIEW & DISCLAIMER	2
2.	LAWS & REQUIREMENTS	3
3.	SAMPLE JOB DESCRIPTIONS	4

3.1.	Elements of a Job Description	4
3.2.	Recommended Positions & Responsibilities.....	4
4.	SUGGESTED ROLES.....	5
4.1.	General Manager.....	5
4.2.	Nerd Technology Expert	6
4.3.	Nerd Technology Specialist	7
4.4.	Customer Experience Specialist.....	8
4.5.	Sales Representative	9
5.	HIRING RESOURCES & TOOLS	10
5.1.	Payroll.....	11
6.	EFFECTIVE SCHEDULING & TOOLS	12
1.	NERDSTOGO SERVICES	2
1.1.	Business-to-Business Solutions	2
1.2.	Residential Services	3
1.3.	In-Store Services	3
1.4.	Vendors	4
1.5.	NerdAssure.....	4
2.	NERDNET	6
2.1.	Franchisee Communication Forum.....	6
3.	NERDLAB.....	7
4.	ONSITE PRICING.....	8
5.	SCHEDULING SERVICE CALLS	9
5.1.	Work Logs	9
5.2.	Work Start Meetings.....	10
6.	SERVICE CALL BEST PRACTICES.....	11
6.1.	Pre-call.....	11
6.2.	Ticket Information.....	11
6.3.	On-site Service.....	11
6.4.	Taking an Asset Back to the Store.....	12
6.5.	Returning the Asset.....	12
6.6.	Post Service Call Best Practices	12
6.7.	Handling Customer Complaints	12
7.	INVOICES & COLLECTION.....	14

1. OVERVIEW	2
2. OUTSIDE/ 828 SALES.....	3
3. PROSPECT.....	4
3.1. Target Market.....	4
3.2. Lead Sources	4
3.3. Marketing & Advertising.....	4
3.4. Prospect Management.....	5
4. SALES PROCESS.....	6
1. OVERVIEW.....	2
2. RISK MANAGEMENT	3
3. SECURITY	4
3.1 Meeting Cybersecurity Requirements.....	4
4. SUGGESTED SAFETY PROCEDURES	6
4.1.1. During a Fire	6
4.1.2. After A Fire.....	7
5. POWER OUTAGE OR EQUIPMENT FAILURE	8
6. TEMPORARY PUBLIC SAFETY CLOSURE	9
7. EXTENDED PUBLIC SAFETY CLOSURE	10
8. SEVERE WEATHER OR NATURAL DISASTER.....	11
8.1. Workplace Violence.....	11
8.2. Other Threats	11
9. ACCIDENTS	13
9.1. Accident Prevention.....	13
9.2. First Aid Kit.....	13
10. CRISIS MANAGEMENT.....	14
10.1. Crisis Plan.....	14
10.2. Talking to the Media.....	14
10.3. Triggers Checklist	15
1. FINANCE & ADMINISTRATION BEST PRACTICES.....	2

1.1.	Key Performance Indicators	2
1.1.1.	Profit Centers	2
1.1.2.	
1.1.3.	Service Sales	2
1.1.4.	Product Sales.....	3
1.1.5.	4
1.1.6.	Customer Count	3
1.2.	Costs	3
1.2.1.	Labor Costs.....	3
1.2.2.	Strategies for Managing Labor	4
1.2.3.	Product Costs	5
1.2.3.1.	Order Errors	5
1.2.3.2.	Retail	5
1.2.4.	Inventory	5
1.3.	Managing the Numbers.....	11
1.3.1.	Daily	11
1.3.2.	Weekly.....	11
1.3.3.	Monthly.....	11
2.	TIMEMANAGEMENT	12

Total Number of pages: 124

EXHIBIT I

STATE ADDENDA TO DISCLOSURE DOCUMENT

CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of California only, this Disclosure Document is amended as follows:

1. The following paragraph is added at the end of Item 3 of the Disclosure Document:

Except as disclosed above, neither we nor any person identified in Item 2 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, 15 U.S.C.A. Section 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

2. 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 DISCLOSURE DOCUMENT.

3. OUR WEBSITE, www.nerdstogo.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dbo.ca.gov.

4. REGISTRATION OF THIS FRANCHISE DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION.

5. Item 5 is revised to include the following: The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a requirement for us to maintain a surety bond under California Corporations Code Section 31113 and 10 C.C.R. Section 310.113.5, which must remain in effect until this requirement is lifted by the Department. The surety bond is in the amount of \$100,000 with The Hanover Insurance Company and is available for you to recover your damages in the event we do not fulfill our obligations to you to open your franchised business. We will provide you with a copy of the surety bond upon request.

6. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, and the law applies, then the law will control.

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

Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

Covenant not to Compete. 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.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will take place at a suitable location in Dallas County, Texas with the costs being borne as the arbitrator determines. 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 provision of the Franchise Agreement restricting venue to a forum outside the State of California.

Releases. The Franchise Agreement requires you to sign 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 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

HAWAII

The following is added to the Disclosure Document State Cover Page:

THESE FRANCHISES WILL BE/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 YOU, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS 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 US AND YOU.

ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

Illinois law governs the agreements between the parties to this franchise.

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

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

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the end of Item 5 of the Disclosure Document:

Pursuant to an order from the Maryland Office of the Attorney General, we have posted a surety bond, and the surety bond is on file with the Maryland Securities Division.

2. The “Summary” sections of Items 17(c), entitled **Requirements for franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of transfer**, of the Disclosure Document are amended by adding the following:

Any general releases you sign as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. The “Summary” section of Item 17(h), entitled **“Cause” defined. – non-curable defaults**, of the Disclosure Document, are amended by adding the following:

The agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we and you agree to enforce it to the extent the law allows.

3. The “Summary” section of Item 17(v), entitled **Choice of Forum**, of the Disclosure Document is amended by adding the following:

Subject to the Federal Arbitration Act and other federal laws, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

4. The “Summary” section of Item 17(w), entitled **Choice of law**, of the Disclosure Document, is amended by adding the following:

Except as otherwise required by applicable law for claims arising under the Maryland Franchise Registration and Disclosure Law, the Franchise Agreement is to be interpreted and construed under Texas law (except for Texas choice of law rules).

5. The following language is added to the end of Item 17 of the Disclosure Document:

Despite any contradictory provision in the Franchise Agreement, you have 3 years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

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 MARK, TRADE NAME, LOGOTYPE, ADVERTISING, OR OTHER COMMERCIAL SYMBOL IN THE SAME AREA SUBSEQUENT TO THE EXPIRATION OF THE FRANCHISE OR THE FRANCHISEE DOES NOT RECEIVE AT LEAST 6 MONTHS ADVANCE NOTICE OF FRANCHISOR'S INTENT NOT TO RENEW THE FRANCHISE.

(E) A PROVISION THAT PERMITS THE FRANCHISOR TO REFUSE TO RENEW A FRANCHISE ON TERMS GENERALLY AVAILABLE TO OTHER FRANCHISEES OF THE SAME CLASS OR TYPE UNDER SIMILAR

CIRCUMSTANCES. THIS SECTION DOES NOT REQUIRE A RENEWAL PROVISION.

(F) A PROVISION REQUIRING THAT ARBITRATION OR LITIGATION IS CONDUCTED OUTSIDE THIS STATE. THIS SHALL NOT PRECLUDE 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:

(i) THE FAILURE OF THE PROPOSED TRANSFEREE TO MEET THE FRANCHISOR'S THEN-CURRENT REASONABLE QUALIFICATIONS OR STANDARDS.

(ii) THE FACT THAT THE PROPOSED TRANSFEREE IS A COMPETITOR OF THE FRANCHISOR OR SUBFRANCHISOR.

(iii) THE UNWILLINGNESS OF THE PROPOSED TRANSFEREE TO AGREE IN WRITING TO COMPLY WITH ALL LAWFUL OBLIGATIONS.

(iv) THE FAILURE OF THE FRANCHISEE OR PROPOSED TRANSFEREE TO PAY ANY SUMS OWING TO THE FRANCHISOR OR TO CURE ANY DEFAULT IN THE FRANCHISE AGREEMENT EXISTING AT THE TIME OF THE PROPOSED TRANSFER.

(H) A PROVISION THAT REQUIRES THE FRANCHISEE TO RESELL TO THE FRANCHISOR ITEMS THAT ARE NOT UNIQUELY IDENTIFIED WITH THE FRANCHISOR. THIS SUBDIVISION DOES NOT PROHIBIT A PROVISION THAT GRANTS TO A FRANCHISOR A RIGHT OF FIRST REFUSAL TO PURCHASE THE ASSETS OF A FRANCHISE ON THE SAME TERMS AND CONDITIONS AS A BONA FIDE THIRD PARTY WILLING AND ABLE TO PURCHASE THOSE ASSETS, NOR DOES THIS SUBDIVISION PROHIBIT A PROVISION THAT GRANTS THE FRANCHISOR THE RIGHT TO ACQUIRE THE ASSETS OF A FRANCHISE FOR THE MARKET OR APPRAISED VALUE OF SUCH ASSETS IF THE FRANCHISEE HAS BREACHED THE LAWFUL PROVISIONS OF THE FRANCHISE AGREEMENT AND HAS FAILED TO CURE THE BREACH IN THE MANNER PROVIDED IN SUBDIVISION (C).

(I) A PROVISION WHICH PERMITS THE FRANCHISOR TO DIRECTLY OR INDIRECTLY CONVEY, ASSIGN, OR OTHERWISE TRANSFER ITS OBLIGATIONS TO FULFILL CONTRACTUAL OBLIGATIONS TO THE

**FRANCHISEE UNLESS PROVISION HAS BEEN MADE FOR PROVIDING THE
REQUIRED CONTRACTUAL SERVICES.**

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE
WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTES APPROVAL,
RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

1. The following language is added to the end of Item 13:

To the extent required by Minnesota Stat. Sec. 80C.12, Subd. 1(g), we will protect your right to use the Marks and indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

2. The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement shall in any way abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum or remedies that the laws of the jurisdiction provide.

Any release required as a condition of renewal or transfer/assignment will not apply to the extent prohibited by the Minnesota Franchises Law.

Minn. Rule Part 2860.4400J might prohibit a franchisee from waiving rights to a jury trial; waiving rights to any procedure, forum or remedies provided by the laws of the jurisdiction; or consenting to liquidated damages, termination penalties or judgment notes. However, we and you will enforce these provisions in our Franchise Agreement to the extent the law allows.

NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

1. The following information is added to the State Cover Page of the Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following paragraphs are added at the beginning of Item 3 of the Disclosure Document:

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 held the subject of a civil

action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; 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 end of the “Summary” sections of Item 17(c), titled **Requirements for franchisee to renew or extend**, and Item 17(m), titled **Conditions for franchisor approval of transfer**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687.(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **Termination by franchisee**:

You may terminate the agreement on any grounds available by law.

5. The following is added to the “Summary” sections of Item 17(v), titled **Choice of forum**, and 17(w), titled **Choice of law**:

The foregoing choice of law and forum 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.

NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

1. The “Summary” sections of Items 17(c), entitled **Requirements for the franchisee to renew or extend**, and 17(m), entitled **Conditions for franchisor approval of the transfer**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document, are amended by adding the following:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The “Summary” sections of Item 17 (I), entitled **Franchisee’s obligations on termination/non-renewal**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document, is amended by adding the following:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

3. The “Summary” sections of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document, is amended by adding the following:

However, to the extent required by the North Dakota Franchise Investment Law (unless preempted by the Federal Arbitration Act), the arbitration will be at a site to which we and you mutually agree.

4. The “Summary” sections of Item 17(v), entitled **Choice of Forum**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document is amended by adding the following:

To the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. The “Summary” sections of Item 17(w), entitled **Choice of law**, of the Franchise Agreement and Development Agreement charts in the Disclosure Document is amended by adding the following:

Except for the Federal Arbitration Act and other federal law, North Dakota law governs.

VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the “Summary” section of Item 17(h), entitled **“Cause” defined – non-curable defaults**, is amended by adding the following:

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 grounds 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.

WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT

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

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede 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.
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 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 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 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.

5-14. 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 provisions contained in the franchise agreement or elsewhere that conflict with these limitations are 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.

(signature page to follow)

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____, 20__.

Franchisor Representative

Franchisee Representative

Title

Title

EXHIBIT J

CURRENT AND FORMER FRANCHISEES

Current Franchisees

Names of all current franchisees (as of December 31, 2023) and the address and telephone number of each of their outlets:

Franchisee Name	Address	Phone Number
Chad Lemanski	8129 W. 94 th Street, Westminster, CO 80021	720-923-1857
George & Catherine Thompson	33800 Dreamweaver Lane, Lewes, DE 19958	302-783-6473
Michael Varnadore	19651 Bruce B. Downs Blvd, Tampa, FL 33647	813-321-1700
Jon Routledge & John Cello	9148 Bonita Beach Road, Suite 203, Bonita Springs, FL 34135	239-949-2311
Rick Stabile	650 E. Terra Cotta Ave., #108, Crystal Lake, IL 60014	779-356-4064
Paul & Brian Ongioni	225 E. Grand Ave., Suite 209, Chicago, IL 60611	312-878-6030
Charles Rourk	2474 W. Congress Street, Lafayette, LA 70506	337-417-9743
Jason & Priscilla Bullock, and Paul Eason, Jr.	2332 Sterlington Road, Monroe, LA 71203	318-252-2764
Kevin Martin	203 East Central St, Franklin, MA 02038	617-752-3246
John Danahey	63 Tremont St, Unit A, Taunton, MA 02780	339-970-3556
Angel Soto	3380 E Russell Rd, Suite 111, Las Vegas, NV 89120	702-608-8365
Bud Gay	190 Munsonhurst Rd, Suite 5, Franklin, NJ 07416	973-241-3060
Peter Holczinger	326 Route 22 West, Suite 8BB, Green Book, NJ 08812	908-589-7534
Paul Blanchette	6628 Heath Glen Drive, Charlotte, NC 28227	704-560-5890
Mike Triolo and Taana Kovtoun	8565 Chapel Hill Rd., Cary, NC 27513	919-999-2181
Rory & John Dunnaback	11049 SE Main St, Milwaukie, OR 97222	503-276-4818
John and Rory Dunnaback	12450 SW Main St., Suite 110, Tigard, OR 97223	971-350-5656
Erik Nelson	609 S Chester Rd, Swarthmore, PA 19081	610-703-5067
Chuck Bailey and Matt Swearingen	1136 Thorn Run Rd., Space #1136a, Moon Township, PA 15108	412-690-0038
Paul Blanchette	1218 Rosemont Drive, Indian Land, SC 29707	704-558-3050
Susan and Don Dally	11110 Kingston Pike, Suite 140, Knoxville, TN 37934	865-672-9900
Roger Turnbow and Dion Roberson	28120 US Hwy 281 North, Suite 101A, San Antonio, TX 78260	210-904-2506
Victor Predtechenskis	515 W. Campbell Rd, Richardson, TX 75080	972-349-0206
Tony Modaro	25311 Kingsland Blvd, Suite 100, Katy, TX 77494	281-371-6689
Gary Stading	2030 Glade Rd, #264, Grapevine, TX 76051	682-244-2664
Woody Huffines	6405 Eldorado Parkway, McKinney, TX 75070	469-325-3912
David Alcorn	903FM 518 Suite J, Kemah, TX 77565	281-721-9422
Alex Piseth & Angkeareaksmeay Chan	2230 W. Grande Blvd., Suite 101, Tyler, TX 75703	903-630-3004
Kevin Manna	2801 W. Parker Road, Plano, TX 75023	214-690-2320
Chuck Kleindienst	11038 Air Park Rd, Ashland, VA 23005	804-339-4217
Regis DeVeaux	321 S. Washington Street, Alexandria, VA 22314	517-496-6373
Michael Santiago	11639 NE 8th St, Bellevue, WA 98005	425-366-8234
Larry Liang	25623 104 th Ave., SE, Kent, WA 98030	425-321-2088

Franchise Agreements Signed but Outlets Not Yet Open as of December 31, 2023/2024:

Franchisee	Street Address	City	State	Zip	Phone
John Pham	111 Rue Corton	Slidell	LA	70458	540-272-8360

Former Franchisees as of December 31, 2023/2024

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet 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 who have not communicated with us within 10 weeks of the disclosure document issuance date:

Hans and Cherie Flueck	Lexington, KY	859-217-2233
Nicole Ruderman & Tricia Jones	North Hampton, NH	605-758-6585
Ellen King	Wilmington, NC	910-827-6167
Philip Carter	Wake Forest, NC	919-912-2610
Elizabeth Stauffer	Asheville, NC	828-333-4040
Jeff and Mallory Kindred	Everett, WA	425-760-8330

The following is a list of franchisees that left the system due to reselling their franchised business as of December 31, ~~2023~~2024:

Michael Varva, Shannon Speerbrecher, and Richard Nellis	Waco, TX	254-730-7194
---	----------	--------------

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

EXHIBIT K
FINANCIAL STATEMENTS

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements
For the years ended December 31, 2024 and 2023

Propelled Brands Franchising, LLC and Subsidiaries

Contents

Independent Auditor's Report	3-4
Consolidated Financial Statements:	
Balance Sheets	5-6
Statements of Operations	7
Statements of Changes in Member's Equity	8
Statements of Cash Flows	9-10
Notes to consolidated financial statements	11-27



Independent Auditor's Report

Board of Directors
Propelled Brands Franchising, LLC and Subsidiaries
Carrollton, Texas

Opinion

We have audited the consolidated financial statements of Propelled Brands Franchising, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in member's equity, and cash flows for the years 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 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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 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.

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.

BDO USA, P.C.

April 28, 2025

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets

<i>As of December 31,</i>	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 3,381,206	\$ 8,047,052
Accounts receivable - net	5,930,192	5,374,191
Current portion of notes receivable - net	74,080	66,427
Amounts due from affiliates	632,545	486,028
Prepaid expenses	3,809,171	1,956,054
Other current assets	663,352	736,544
Total current assets	14,490,546	16,666,296
Fixed assets - net	20,045,057	12,961,306
Right of use assets - net	71,627,959	60,777,646
Other intangibles - net	133,436,739	81,990,839
Goodwill - net	321,410,147	300,287,335
Notes receivable, less current portion - net	146,648	90,091
Other assets	3,235,717	3,098,552
Total assets	\$ 564,392,813	\$ 475,872,065

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2024	2023
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 749,971	\$ 1,155,458
Accrued liabilities	13,058,295	12,803,617
Current portion of deferred revenue	3,717,216	2,949,793
Current portion of lease liabilities	6,754,767	5,783,768
Income tax payable	6,628,082	4,855,752
Total current liabilities	30,908,331	27,548,388
Deferred revenue - less current portion	7,877,518	9,030,378
Other long-term liabilities	396,220	262,500
Lease liabilities - less current portion	66,154,033	54,252,528
Deferred tax liabilities	16,404,051	17,220,366
Total liabilities	121,740,153	108,314,160
Commitments and Contingencies (Note 8)		
Member's equity		
Common stock, \$1.00 par value		
Authorized shares - 100,000 issued and outstanding shares - 1,000	1,000	1,000
Additional paid-in capital	363,125,409	297,598,135
Retained earnings	79,627,020	69,958,770
Accumulated other comprehensive loss	(100,769)	-
Total member's equity	442,652,660	367,557,905
Total liabilities and member's equity	\$ 564,392,813	\$ 475,872,065

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Operations

<i>For the years ended December 31,</i>	2024	2023
Revenues		
Franchise sales	\$ 4,110,484	\$ 3,508,446
Royalties	69,773,999	49,940,078
Rental income	17,316,296	13,118,572
Other revenue	6,989,429	5,787,952
Total revenues	98,190,208	72,355,048
Costs and expenses		
Cost of goods sold	2,349,027	2,310,482
Selling, general, and administrative	66,485,526	44,067,902
Depreciation and amortization	11,002,904	4,536,793
Total costs and expenses	79,837,457	50,915,177
Operating Income	18,352,751	21,439,871
Other income/(expenses)		
Interest income	272,192	64,168
Foreign currency exchange (loss)/gain	(27,516)	8,040
Gain on sale of assets	19,157	-
Other expense	(27,188)	-
Total other income, net	236,645	72,208
Income before taxes	18,589,396	21,512,079
Income tax expense	8,921,146	8,942,992
Net income	\$ 9,668,250	\$ 12,569,087

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2022	1,000	\$ 1,000	\$ 315,400,882	\$ 57,389,683	\$ -	\$ 372,791,565
Parent Company transactions - net	-	-	(18,947,698)	-	-	(18,947,698)
Share-based compensation	-	-	1,144,951	-	-	1,144,951
Net income	-	-	-	12,569,087	-	12,569,087
Balance at December 31, 2023	1,000	\$ 1,000	\$ 297,598,135	\$ 69,958,770	\$ -	\$ 367,557,905
Parent Company transactions - net	-	-	64,286,913	-	-	64,286,913
Share-based compensation	-	-	1,240,361	-	-	1,240,361
Net income	-	-	-	9,668,250	-	9,668,250
Foreign currency translation adjustments	-	-	-	-	(100,769)	(100,769)
Balance at December 31, 2024	1,000	\$ 1,000	\$ 363,125,409	\$ 79,627,020	\$ (100,769)	\$ 442,652,660

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

	2024	2023
Operating activities		
Net income	\$ 9,668,250	\$ 12,569,087
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt recovery, net	(85,758)	429,277
Depreciation & amortization	10,981,870	4,502,473
Share-based compensation expense	1,240,361	1,144,951
Gain on sale of assets, net	(16,112)	-
Capital asset impairment	-	323,146
Bargain purchase price gain on acquisition	(34,687)	-
Intangible impairment	62,667	-
Deferred income taxes	(796,605)	182,406
Amortization of right-of-use asset	5,445,542	4,322,294
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts and notes receivable, trade	17,519	(715,354)
Amount due to/from affiliate	(146,517)	(494,880)
Prepaid expenses	(804,878)	635,960
Other assets	207,052	(817,899)
Income taxes payable	1,738,564	3,038,140
Accounts payable	(1,294,518)	(353,661)
Accrued liabilities	(1,665,508)	4,598,741
Other long-term liabilities	(1,302,860)	(538,612)
Deferred revenue	(1,547,373)	(753,097)
Operating lease obligation	(3,679,126)	(3,407,709)
Net cash provided by operating activities	17,987,883	24,665,263
Investing activities		
Capital expenditures	(6,098,198)	(2,715,270)
Proceeds from sale of assets	333,181	-
Acquisition of a business, net of cash acquired	(81,095,967)	(6,784,799)
Net cash used in investing activities	(86,860,984)	(9,500,069)
Financing activities		
Payments on finance lease	(23,369)	(36,863)
Net advances from/(to) parent	64,286,913	(18,947,698)
Net cash provided/(used) in financing activities	64,263,544	(18,984,561)
Effect of exchange rate changes on cash and cash equivalents	(56,289)	-
Net decrease in cash and cash equivalents	(4,665,846)	(3,819,367)
Cash and cash equivalents at beginning of year	8,047,052	11,866,419
Cash and cash equivalents at end of year	\$ 3,381,206	\$ 8,047,052

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

Supplemental disclosure:

Cash paid for income taxes	\$ 1,099,291	\$ 296,464
Cash received for interest	\$ 275,826	\$ 66,388

Supplemental noncash disclosures:

Fixed assets purchased and unpaid, included in accounts payable and accrued liabilities	\$ 1,130,904	\$ 704,463
Operating right-of-use assets obtained in exchange for right-of-use liabilities	\$ 14,095,874	\$ 17,621,018
Operating right-of-use assets sold in exchange for right-of-use liabilities	\$ (373,849)	
Non-cash impact on lease modifications	\$ 2,498,318	\$ 1,124,755
Non-cash impact of net (unfavorable) and favorable leases acquired in a business combination	\$ (279,145)	\$ 1,113,144

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Propelled Brands Franchising, LLC (the "Company"), a Delaware limited liability company, was formed on December 28, 2021 and directly or indirectly wholly owns all of the outstanding stock of FASTSIGNS International, Inc. ("FII"), Suite Management Franchising, LLC ("SMF"), SMF Corporate Stores, LLC ("SMC"), GTN Capital Group, LLC ("GTN"), More Than IT LLC (doing business as NerdsToGo "NTG"), Camp Bow Wow Franchising, Inc. ("CBF") and CBW Operating, Inc. ("CBO").

FII sells franchises for the operation of B2B business establishments known as FASTSIGNS Centers. FII franchises directly in the United States, Canada, the United Kingdom and Grand Cayman. The franchises operate primarily in the United States. In addition, FII sells and supports master or area franchises in Australia, Chile, and Malta. The FASTSIGNS franchise business specializes in selling, marketing, producing and installing visual communications including signs (both non-electrical and electrical), graphics, banners, flags, vehicle graphics, vehicle wraps, wayfinding signage, compliance signs, dimensional letters, dimensional signage, ready-to-apply lettering, exhibits and displays, decals and labels, exhibits, trade show and other displays, digital imaging, printing (including small format, large format and grand format), advertising and promotional products (including wearables), electronic or digital signage, logo/artwork design and illustration, product wraps and other related graphics, marketing services and complementary products and services. As of December 31, 2024 and 2023, there were 789 and 775, respectively, franchised locations in operation, both nationally and internationally.

SMF operates a franchising business that provides others with the opportunity to operate a salon suite business, serving as a property owner and business consultant to health and beauty professionals, renting private individualized space to the professionals. SMC operates company-owned salon suite properties. As of December 31, 2024, there were 303 franchised locations and 51 corporate locations in operation. As of December 31, 2023, there were 274 franchised locations and 44 corporate locations in operation.

GTN operates a franchising business that provides others with the opportunity to operate a technology sales, repair and service business under the service mark "NerdsToGo" and provide a wide variety of Information Technology solutions for small to medium sized businesses and homes through mobile service vans and service centers. NTG operated a single company center, which was closed effective June 2024. As of December 31, 2024, there were 31 franchised locations and no corporate location in operation. As of December 31, 2023, there were 34 franchised locations and 1 corporate location in operation.

CBF operates a franchising business that provides others with the opportunity to operate a dog care services business under the trademark "CAMP BOW WOW®" offering specialized pet care services through fixed store locations and mobile units, from dog boarding and dog daycare to grooming, training, and enrichment. CBO, a wholly owned subsidiary of CBF, operates a single company-owned center. As of December 31, 2024, there were 223 franchised locations and 1 corporate location in operation.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Acquisition of Camp Bow Wow Franchising

On January 31, 2024, the Company executed an equity purchase agreement for Camp Bow Wow Franchising, Inc. acquiring 100% of voting equity interests in CBF. The purchase price of the acquisition was made in cash and fully funded through capital contributed from the Parent. At acquisition, \$77,606,654 was allocated to the assets acquired and liabilities assumed by the Company based on third-party valuation studies and management estimates of their fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, on the date of acquisition.

The total purchase price was allocated as follows:

Cash assumed during acquisition	\$ 735,160
Working capital	97,369
Right of use asset	1,108,595
Property and equipment	1,029,772
Intangibles - trade name	52,950,000
Intangibles - program materials	425,000
Intangibles - internally developed software	80,000
Intangibles - franchise agreements	5,100,000
Goodwill	19,617,550
Deferred revenue	(2,428,197)
Lease liabilities	(1,108,595)
Total consideration	\$ 77,606,654

The Company does expect to deduct the resulting goodwill for tax purposes. The Company incurred \$1,480,792 and \$2,869,038 of transaction costs for the year ended December 31, 2024, and December 31, 2023, respectively, which are included in the accompanying consolidated statement of operations.

Acquisition of additional SMF Corporate locations - 2024

The Company executed asset purchase agreements on January 30, 2024 for 2 corporate salon suite locations owned by Mera Studio Suites, LLC and on August 1, 2024 for 1 corporate salon suite location owned by Pylons, LLC, both third parties. The acquisitions were paid in cash and partially funded by capital contributed from the Parent. These purchases were made as part of the Company’s strategic growth initiative to expand the SMC corporate locations.

The total cash consideration paid of \$4,224,473 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with FASB ASC Topic 805, Business Combinations, on the date of acquisition. The company recognized a \$34,687 bargain purchase gain on its single salon suite acquisition from Pylons, LLC primarily related to additional construction change order costs not previously agreed to in the purchase agreement.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The total purchase prices were allocated as follows:

Property and equipment	\$	3,184,785
Right of use assets		6,416,431
Goodwill		1,505,262
Working capital		(135,288)
Deferred revenue		(16,454)
Lease liabilities		(6,695,576)
Bargain purchase price gain		(34,687)
<hr/>		
Total consideration	\$	4,224,473

The Company does expect to deduct the resulting goodwill for tax purposes. The Company incurred \$172,181 of transaction costs for the year ended December 31, 2024, which are included in the accompanying consolidated statement of operations.

Acquisition of additional SMF Corporate locations - 2023

On September 8, 2023, the Company executed an asset purchase agreement for 6 corporate salon suite locations owned by S3 LLC, a third party. On October 6, 2023, the Company executed an asset purchase agreement for 6 corporate salon suite locations owned by CSS of Charleston, LLC, CSS of Goose Creek LLC, CSS of Moncks Corner Inc., DL3 LLC, Aquaculture Technology Transfer, Inc., Cirque Salon Studios of Summerville Inc., and Cirque Brands Limited, LLC, third parties. On December 27, 2023, the Company executed an asset purchase agreement for 1 corporate salon suite location owned by CSS Herndon Inc., a third party. The acquisitions were made as part of our strategic initiative to expand our SMC corporate locations in alignment with our growth objectives.

The total cash consideration paid of \$6,784,799 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with FASB ASC Topic 805, Business Combinations, on the date of acquisition.

The total purchase prices were allocated as follows:

Fixed assets	\$	2,516,026
Right of use assets		17,332,602
Goodwill		3,390,088
Working capital		(81,647)
Deferred revenue		(152,812)
Long-term lease liability		(16,219,458)
<hr/>		
Total consideration	\$	6,784,799

The Company does expect to deduct the resulting goodwill for tax purposes. Transaction costs totaling \$504,916 were paid at closing and are included in the accompanying consolidated statements of operations.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company maintains cash in financial institutions, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on such accounts. As of December 31, 2024 and 2023, cash and cash equivalents include \$349,278 and \$244,637, respectively, held in foreign bank accounts.

The Company maintains some of its cash in U.S. transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2024, the Company's uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$2,904,660. The Company does not believe the unsecured funds are at risk.

Financial Instruments

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable related to royalties owed by franchisees. Credit risks with respect to royalty receivables are limited due to the large number of franchisees comprising the Company's franchisee base. The Company performs ongoing evaluations of the franchisees' financial condition and maintains allowances for potential credit losses which, when incurred, have been within the range of management expectations.

Accounts Receivable

Accounts receivable consist primarily of royalty billings to franchisees and are due within 30 days. Accounts receivables are stated at amounts net of an allowance for credit losses. The allowance for credit losses is estimated based on historical collectivity, aging of receivables and other factors such as franchisee performance or circumstances that may impact the Company's ability to collect against those receivables. Accounts receivables are written off through the allowance account when it is determined the receivable will not be collected. Accounts receivable may also be converted to notes receivable due from franchisees at the discretion of the Company.

Changes in the Company's allowance for credit losses, including accounts and notes receivable, for the years ended December 31 are as follows:

	2024	2023
Beginning balance	\$ 1,061,465	\$ 794,410
Bad debt, net (recoveries)/losses	(85,758)	429,277
Write-offs charged against the allowance	(151,870)	(162,222)
Ending balance	\$ 823,837	\$ 1,061,465

Notes Receivable

Notes receivable are due from franchisees and bear interest at rates per annum ranging from 6% to 10%. The notes are generally secured by the assets of the related stores. The notes receivable

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

balance as of December 31, 2024 and 2023 were \$269,379 and \$184,822, respectively. The allowance for credit losses balance related to notes receivable was \$48,651 and \$28,304 as of December 31, 2024 and 2023, respectively.

Fixed Assets

Fixed assets associated with an acquisition are recorded at fair value at the date of acquisition and subsequent purchases are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment and internally developed software have an estimated useful life of three to seven years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Maintenance and repairs are charged to expense as incurred.

The Company reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as other economic factors. The Company determined that there were no indications of impairment in 2024 and \$323,146 was recognized as of December 31, 2023.

Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition.

Under FASB ASC 350, Intangibles, Goodwill and Other ("ASC 350"), the Company does not amortize goodwill and determines if intangibles have a finite future life and should be amortized or an indefinite life not subject to amortization. Finite and indefinite lived intangibles are evaluated for impairment when current facts or circumstances indicate that the carrying value of the assets may not be recoverable and/or if there is a change in the useful life of the finite intangible. Amortization is recorded using the straight-line method over the following estimated useful lives of the asset:

Trade names	10 years to indefinite
Program materials	3 years
Internally developed software	3 years
Franchise agreements	1-20 years

In accordance with ASC 350, the Company evaluates goodwill for impairment whenever events or changes in circumstances indicate that the fair value of the entity may be below its carrying amount. When necessary, a goodwill impairment loss is measured as the amount by which the carrying amount of the Company, including goodwill, exceeds its fair value. Any goodwill impairment loss determined shall not exceed the carrying amount of goodwill.

The Company recorded an intangible impairment loss in 2024 of \$62,667 associated with the closure of NTG. There were no indications of impairment in 2023 related to goodwill or other intangibles.

Income Taxes

The Company is a single member limited liability company that is disregarded for federal tax reporting purposes. The Company is included in a consolidated Federal tax return with its parent company Propelled Brands Holdings, Inc. FII, CBF and CBO are regarded corporate taxpayers. SMF, SMC, GTN, and NTG are all single member limited liability companies that are disregarded for

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

federal tax reporting. The consolidated financial statements for the Company have been prepared as if the Company was a stand-alone taxpayer for the regarded corporate entities FII, CBF and CBO only.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company accounts for uncertain tax provisions using a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax position is measured as the largest amount of expense with a greater than 50 percent likelihood of being realized upon ultimate settlement. Penalties and interest incurred are recognized in income tax expense.

Revenue Recognition

The Company's revenues consist of franchise sales including initial franchise fees, franchise re-sale transfer fees, and renewal franchise fees, royalties based on a percent of franchisee sales, salon suite rental income, and other revenue including sales of equipment, services, supplies and inventory. Some franchises are master franchise arrangements with development rights across a defined territory or multiple territories. Typical agreements governing the franchise relationship range from 10 to 20 years in length, whereby the initial franchise and transfer fees are typically collected upon agreement execution and prior to the start of the Company's performance obligations.

The Company recognizes revenue in accordance with FASB ASC Topic 606 (which addresses revenue from contracts with customers) and Topic 842 (which addresses lease revenue with the adoption of ASC 842 as of January 1, 2022).

The Company has defined its distinct and non-distinct performance obligations required under the terms of the various contracts. For its franchise agreements, the Company believes that portions of certain services, training, site selection and development services, benefit the Franchisee without its use of the license and are therefore considered distinct performance obligations separable from the franchise right. Performance obligations for training, site selection and development services are generally satisfied as of the opening of a franchise center or contract date. To allocate the initial franchise, transfer, and renewal fees to the associated performance obligations, the Company uses an expected cost-plus margin approach to determine the amount of the distinct services obligations. This total distinct amount is recognized upfront, and the remaining non-distinct portion of the total franchise fee is allocated to symbolize intellectual property and recognized over the agreement period. Certain franchise agreements may also include a financing component, but the Company has determined that the total interest amount related to these franchise agreements is immaterial to its consolidated financial statements.

Royalties are generally based on a percent of franchisee sales differing by brand ranging from 2% to 8% and are recognized at the time the underlying franchisee's sales occur. Advertising fund revenue for all brands other than FII are included in royalty revenue. The FASTSIGNS National Advertising Fund is a standalone entity owned solely by the FASTSIGNS franchisees and is therefore not included in the accompanying consolidated statement of operations.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

To secure new franchises, the Company uses its sales force, and in certain instances, third party brokers to obtain leads for new franchise arrangements. The costs for internal sales commissions and third-party broker fees are amortized over the agreement term of each respective contract starting from the opening date of the franchise center.

Balance sheet balances related to ASC 606 consists of the following on December 31:

	2024	2023
Deferred Revenue		
Current deferred revenue	\$ 3,717,216	\$ 2,949,793
Non-current deferred revenue	7,877,518	9,030,378
Total deferred revenue	\$ 11,594,734	\$ 11,980,171
Deferred Expense		
Current deferred expense (included in prepaid expenses)	\$ 1,148,185	\$ 648,795
Non-current deferred expense (included in other assets)	3,013,200	2,920,914
Total deferred expense	\$ 4,161,385	\$ 3,569,709

Changes in the Company's deferred revenue, for the years ended December 31 are as follows:

Year ended December 31,	2024	2023	2022
Balance, beginning of year	\$ 11,980,171	\$ 13,451,178	\$ 14,960,054
Fees received from Franchise sales and transfer fees	1,443,557	1,884,627	1,864,252
Franchise sales and transfer fees revenue recognized	(4,110,484)	(3,508,446)	(3,373,128)
Deferred revenue valued in acquisitions	2,444,651	152,812	-
Deferred revenue transferred in asset sale	(163,161)	-	-
Balance, end of year	11,594,734	11,980,171	13,451,178
Less: current	(3,717,216)	(2,949,793)	(3,619,688)
Deferred Franchise Revenues, net of current	\$ 7,877,518	\$ 9,030,378	\$ 9,831,490

Under ASC 842, Leases, the Company sublets compartmentalized spaces to non-related parties at a weekly rate for periods of generally one year (lessor). These lessor transactions do not transfer ownership to the lessee and with lease terms substantially shorter than the life of the underlying asset, the Company characterize these as operating leases under ASC 842. The Company recognizes rental income on a weekly basis over the life of the lease as collectability is probable.

Other revenue earned was \$6,989,429 and \$5,787,952 for the years ending December 31, 2024 and 2023, respectively. Other revenue is comprised of three major categories: franchisee new center openings which includes the sale of equipment and location finishings, vendor rebates, other services related to opening a new franchise center; the sale of goods and services by all brands including the Company's NerdsToGo and CAMP BOW WOW® corporate stores; and ongoing franchisee support services provided by the franchisor.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Under ASC 606, substantially all our revenue is recognized over time as we deliver services and support for our franchisees, except for revenues earned from the sale of goods, equipment and certain services, of \$4,736,376 and \$4,094,384 in the years ended December 31, 2024 and 2023, respectively, which are recognized at a point in time and are included in other revenue on our consolidated statements of income.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, *Compensation-Stock Compensation*. The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense based on their estimated fair values over the requisite service period, which is generally the vesting period of the awards. The Company currently estimates stock option forfeitures at the inception of the stock option agreement. The Company adjusts its estimates when the actual forfeitures are likely to change or differ from estimates. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The expected life of each award granted is determined using the average of the weighted-average vesting term and contractual term. Expected volatility is based on the historical volatility of similar entities whose share or option price is publicly available with a similar vesting and contractual term. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company has never paid any cash dividends and, accordingly, the Company uses an expected dividend yield of zero.

Advertising Costs

The Company expenses the costs of advertising when incurred. Advertising expense was \$5,424,430 and \$2,068,810 for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States ("US GAAP") requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Contingencies

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

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements*, certain assets and liabilities are carried at fair value and are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument's anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management's best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2024 and 2023, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short maturities. The Company's notes receivable bear interest at market rates and management does not believe there has been a change in the franchisees' credit quality from the date of issuance. Thus, management believes their carrying amounts approximate fair value.

Recent Accounting Pronouncements

In October 2021, the FASB issued Accounting Standards Update ("ASU") No. 2021-08, Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, to amend the current accounting guidance in ASC 805 to require entities to apply ASC 606 to recognize and measure contract assets and contract liabilities acquired in a business combination. The Company adopted this guidance effective January 1, 2024. There were no impacts to prior periods.

Prior to ASU 2021-08, the company measured contract assets and liabilities acquired in a business combination at fair value, leading to discrepancies with the acquiree's existing contracts under Topic 606. The new guidance allows the Company to recognize the acquired contract assets and liabilities as if the acquirer originated them under Topic 606. This enhances post-combination comparability by aligning revenue and amortization patterns of acquired contracts with those of similar contracts executed after the acquisition. The adoption of this guidance provides the company with a more consistent and clearer approach to accounting for customer contracts in business combinations, reducing the complexity associated with fair value measurements.

On December 14, 2023, the FASB issued a final standard on improvements to income tax disclosures. The standard requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as information on income taxes paid. The standard is intended to benefit investors by providing more detailed income tax disclosures that would be useful in making capital allocation decisions. ASU 2023-09, *Improvements to Income Tax Disclosures*, applies to all entities subject to income taxes. The new requirements will be effective for annual periods beginning after December 15, 2025. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted.

3. Related Party Transactions

The Company performs certain bookkeeping and administrative services for and allocates facility and supply resources to the FII advertising cooperative, which includes a National Accounts sales division. The Company has no ownership stake in the FII advertising cooperative. Amounts reimbursed for these services were \$1,243,103 and \$952,490 in 2024 and 2023, respectively. For 2024 and 2023, the Company earned royalty revenue of 6% of the advertising cooperative's sales to parties other than FASTSIGNS franchises. Royalty revenue earned from the cooperative under the National Accounts was \$533,031 and \$865,799 in 2024 and 2023, respectively. This advertising

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

cooperative is wholly owned by the FASTSIGNS franchisees. Accounts receivable from the advertising cooperative and National Accounts were \$632,545 and \$486,028 at December 31, 2024 and 2023, respectively, and are presented as "Amounts due from affiliates" on our consolidated balance sheets. See Note 10 - Receivable from Parent Company for additional related party disclosure.

4. Fixed Assets

Fixed assets consist of the following at December 31:

	2024	2023
Furniture, equipment and internally developed software	\$ 7,624,589	\$ 6,730,068
Leasehold improvements	21,715,381	12,825,113
Total fixed assets	29,339,970	19,555,181
Less: accumulated depreciation	(9,294,913)	(6,593,875)
Fixed assets, net	\$ 20,045,057	\$ 12,961,306

The furniture, equipment and developed software have an expected life of three to seven years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Total fixed assets are inclusive of construction in process of \$3,339,301 and \$1,905,869 at December 31, 2024 and 2023, respectively, and is primarily included in leasehold improvements. Depreciation expense was \$3,935,437 and \$2,652,140 for the years ended December 31, 2024 and 2023, respectively.

5. Leases

The Company primarily leases commercial retail space associated with its MY SALON Suite brand and subleases compartmentalized suites to beauty professionals at a weekly rate for periods of generally one year. The lessee arrangements account for the significant portion of the lease liabilities and right-of-use assets on the consolidated balance sheet. The lessor arrangements and the applicable accounting guidance are more fully explained in this report under *Revenue Recognition*.

The base terms for most of our lease arrangements typically do not extend beyond 10 years. We commonly have renewal options in our leases in 5-year increments that are generally included in the calculated lease liabilities and associated right-of-use assets. All of the renewal options considered for future lease liabilities are associated with the MY SALON Suite brand, which can have significant construction costs due to their highly compartmentalized footprint with generally semi-permanent fixtures that are not easily moved into a new space. Due to these factors, it is almost always more economically feasible to stay in the leased space and make cosmetic updates versus moving to a new space.

As an accounting policy election, any short-term leases with an initial term of 12 months or less are not recognized as lease liabilities and right-of-use assets in the consolidated balance sheets. The rent expense associated with short term leases is generally recognized on a straight-line basis over the lease term. The Company is also electing the practical expedient to not separate lease components from non-lease components for all of its equipment leases and therefore the non-lease components are factored into the calculation of lease liabilities and associated right-of-use assets. The Company is choosing to separate lease and non-lease components for all its building leases, and

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

the associated non-lease components, such as Common Area Maintenance and Real Estate Taxes, are expensed as incurred.

Due to the implicit rate not being readily available or determined in most leases, the Company has elected the practical expedient for all lease payments to be discounted at a risk-free rate based on the treasury bond rates with maturity dates that most closely match the remainder of the lease either at adoption or commencement if post-adoption.

Finance leases with a right-of-use asset value of \$73,693 and a current and long-term portion lease liability value of \$23,369 and \$52,596 respectively are included in the values reported on the Consolidated Balance Sheet as of December 31, 2024. Finance leases with a right-of-use asset value of \$97,727 and a current and long-term portion lease liability value of \$23,374 and \$72,316 respectively are included in the values reported on the Consolidated Balance Sheet as of December 31, 2023.

Supplemental balance sheet information related to leases as of December 31 are as follows:

	2024	2023
Weighted average remaining lease term (Years)		
Operating leases	14 years	14 years
Financing leases	4 years	5 years
Weighted average discount rate		
Operating leases	3.2%	2.8%
Financing leases	4.2%	4.2%
Components of lease cost		
Operating leases	\$ 7,479,255	\$ 5,426,099
Financing leases		
Amortization of right-of-use assets	\$ 21,034	\$ 34,320
Interest on lease liabilities	3,645	2,220
Total financing lease cost	\$ 24,679	\$ 36,540

Operating lease costs are recorded in selling, general, and administrative costs and expenses on the Consolidated Statements of Income. For financing leases, the amortization of right-of-use assets are recorded in depreciation and amortization expense, and interest on lease liabilities are netted with Interest income on the Consolidated Statements of Income. Total operating lease cash payments of \$5,736,880 and \$4,436,949 were made in 2024 and 2023, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Future payments due under operating and finance leases by fiscal year as of December 31, 2024 are as follows:

<i>Years ending December 31:</i>	Operating Leases	Financing Leases
2025	\$ 6,541,542	\$ 23,369
2026	7,064,145	23,369
2027	6,920,260	23,369
2028	6,312,632	11,685
2029	6,089,260	-
Thereafter	61,070,045	-
Total remaining lease payments at December 31, 2024	\$ 93,997,884	\$ 81,792
Less: portion representing imputed interest	21,165,049	5,827
Present value of lease liabilities at December 31, 2024	\$ 72,832,835	\$ 75,965

6. Other Intangibles and Goodwill

Other Intangibles

Other intangibles consist of the following at December 31, 2024:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,525,000	\$ (2,229,861)	\$ 295,139
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	66,490,000	(9,716,633)	56,773,367
Internally developed software	570,000	(514,445)	55,555
Market franchise agreements	5,910,762	(998,084)	4,912,678
Total	\$ 146,895,762	\$ (13,459,023)	\$ 133,436,739

Other intangibles consist of the following at December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (2,064,604)	\$ 35,396
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,640,000	(3,541,573)	10,098,427
Internally developed software	490,000	(411,164)	78,836
Market franchise agreements	810,762	(432,582)	378,180
Total	\$ 88,440,762	\$ (6,449,923)	\$ 81,990,839

Amortization expense was \$7,046,433 and \$1,850,332 for the years ended December 31, 2024 and 2023, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Estimated amortization expense for finite-lived intangibles for the subsequent five years and thereafter is as follows:

Years ending December 31,

2025	\$	7,432,746
2026		7,417,118
2027		7,247,073
2028		7,175,098
2029		7,165,158
Thereafter		25,599,546
Total	\$	62,036,739

Goodwill

The changes in the carrying amount of goodwill as of December 31, 2024 and 2023 are as follows:

	2024	2023
Balance at beginning of year	\$ 300,287,335	\$ 296,897,247
Goodwill recorded from acquisitions	21,122,812	3,390,088
Balance at end of year	\$ 321,410,147	\$ 300,287,335

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2024	2023
Employee benefits and compensation	\$ 3,170,135	\$ 2,334,499
Accrued payables to franchisees	2,434,987	2,167,953
Event related accruals	1,325,165	1,340,970
Customer deposits	1,388,782	1,614,710
Acquisition transaction costs	-	2,439,816
Accrued professional fees	1,898,961	-
Other	2,840,265	2,905,669
Total accrued liabilities	\$ 13,058,295	\$ 12,803,617

8. Commitments and Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that as of December 31, 2024 and December 31, 2023 that it is probable that the Company has incurred a loss contingency as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, a \$94,907 and \$150,000 liability has been accrued for this matter as of December 31, 2024 and 2023, respectively. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

9. Income Taxes

The expense (benefit) for income taxes consists of the following for the years ended December 31:

	2024	2023
Current:		
Federal	\$ 8,518,832	\$ 7,383,607
State	970,215	1,182,311
Foreign	228,704	194,807
Total current	9,717,751	8,760,725
Deferred:		
Federal	(644,155)	147,498
State	(152,450)	34,769
Total deferred	(796,605)	182,267
Total income tax expense	\$ 8,921,146	\$ 8,942,992

The tax effect of temporary differences that gave rise to deferred tax assets and liabilities consist of the following as of December 31:

	2024	2023
Deferred tax assets		
Allowance for credit losses	\$ 213,104	\$ 259,270
Accrued compensation	216,180	105,770
Share-based compensation	585,048	653,599
Accrued professional fees	51,940	34,418
Deferred revenue	1,613,108	860,544
ASC 842 lease liability	140,303	3,309
ASC 606 adjustments	(224,956)	(224,956)
Total deferred tax assets	2,594,727	1,691,954
Deferred tax liabilities:		
Intangible assets	(18,813,230)	(18,689,307)
Prepaid expenses	(4,117)	9,702
ASC 842 Right of Use Asset	(142,804)	(4,487)
Depreciation	(31,197)	(90,514)
Tax amortization of Sec.174	(7,430)	(137,714)
Total deferred tax liabilities	(18,998,778)	(18,912,320)
Net deferred tax liabilities	\$ (16,404,051)	\$ (17,220,366)

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

A reconciliation of the provision for income taxes with amounts determined by applying the statutory US Federal income tax rate to income before taxes is as follows for the period ending December 31:

	2024
Computed tax at the US Federal statutory rate of 21%	\$ 8,258,285
State taxes, net of US Federal benefit	500,431
Non-deductible items	7,192
FTC True-up	66,412
Other	88,826
Total Expense provision for income taxes	\$ 8,921,146
Effective income tax rate	22.68%

The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. As of December 31, 2024 and 2023, the Company has accrued approximately \$1,313,000, and \$1,169,000, respectively, to reserve for uncertain tax positions. As of December 31, 2024 and 2023, the reserve for uncertain tax positions is inclusive of penalties and interest of approximately \$579,000 and \$543,000, respectively.

The Company is not presently under examination by the Internal Revenue Service or any state tax authority.

10. Parent Company Transactions

Transactions with the parent company are unsecured, bear no interest and are due on demand. The net transactions incurred by the parent company are presented as a component of additional paid in capital on the Consolidated Statement of Members Equity for the respective years. The net payable/(receivable) incurred by the parent company for the years ended December 31, 2024 and 2023 was \$64,286,913 and \$(18,947,698), respectively.

11. Share-Based Compensation

In 2019, the parent company created share-based payment plan ("2019 Stock Option Plan") established August 1, 2019, for the benefit of employees of the Company. The parent company originally allotted a total of 23,281 shares to be issued under the 2019 Stock Option Plan and increased the allotment by 2,741 shares in 2021. Option grants have a contractual life of ten years, subject to certain conditions, and typically vest over 5 years with half based upon service and half based upon financial thresholds. 20% of the service-based options typically vest each year over a five-year period, and the financial performance-based options are subject to vesting upon a change of control.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Information with respect to options under these plans are as follows:

	Outstanding Options	Weighted Average Exercise Price
Total options outstanding, December 31, 2022	22,612	\$ 1,169.50
Issued	2,530	2,214.19
Exercised	(580)	1,000.00
Forfeited	(494)	1,673.52
Total options outstanding, December 31, 2023	24,068	\$ 1,273.06
Issued	1,500	2,702.00
Exercised	(160)	1,924.22
Forfeited	(748)	1,840.42
Total options outstanding, December 31, 2024	24,660	\$ 1,338.54
Options vested and exercisable, December 31, 2024	9,608	1,088.62

The weighted-average exercise price and average remaining contractual life of the 24,660 options outstanding at December 31, 2024 was \$1,338.54 and 5.63 years. The weighted-average exercise price and average remaining contractual life of the 24,068 options outstanding at December 31, 2023 was \$1,273.06 and 6.4 years. As of December 31, 2024, 9,608 options were vested and at December 31, 2023, 7,474 options were vested.

The estimated fair value of options is amortized to compensation expense on the straight-line basis over the options' vesting period. The compensation cost for share-based employee compensation related to the Company was \$1,240,361 and \$1,144,951 for the years ended December 31, 2024 and 2023, respectively.

Expected amortization for the subsequent years ending December 31 is as follows:

<i>Years ending December 31,</i>	
2025	\$ 789,660
2026	773,699
2027	546,473
2028	289,139
2029	59,910
Total amortization	\$ 2,458,881

12. Employee Benefit Plan

The Company has a defined contribution plan structured under Section 401(k) of the Internal Revenue Code. Under the plan, contributions are made by eligible employees. The employees can elect to contribute the lesser of up to 60% of their salary or \$23,000 in 2024 and \$22,500 in 2023. The Company matches 50% of the first 6% of contributions for a total amount of \$436,004 in 2024

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

and \$317,564 in 2023. The Company currently offers no other postretirement or postemployment benefits to its employees.

13. Subsequent Events

The Company evaluated subsequent events through April 28, 2025, the date the consolidated financial statements were available to be issued.



Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Financial Statements
For the years ended December 31, 2023 and 2022

Propelled Brands Franchising, LLC and Subsidiaries

Contents

Independent Auditor's Report	3
Consolidated Financial Statements:	
Balance Sheets	5
Statements of Income	7
Statements of Changes in Member's Equity	8
Statements of Cash Flows	9
Notes to consolidated financial statements	11



Independent Auditor's Report

Board of Directors
Propelled Brands Franchising, LLC and Subsidiaries
Carrollton, Texas

Opinion

We have audited the consolidated financial statements of Propelled Brands Franchising, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, changes in member's equity, and cash flows for the years 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the 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



Tel: 214-969-7007
Fax: 214-953-0722
www.bdo.com

600 North Pearl, Suite 1700
Dallas, TX 75201

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.

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.

BDO USA, LLP

Dallas, Texas
April 26, 2024

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets

<i>As of December 31,</i>	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 8,047,052	\$ 11,866,419
Accounts receivable - net	5,374,191	5,062,196
Current portion of notes receivable - net	66,427	91,504
Amounts due from affiliates	486,028	-
Prepaid expenses	1,956,054	2,561,724
Other current assets	736,544	640,893
Total current assets	16,666,296	20,222,736
Fixed assets - net	12,961,306	9,996,833
Right of use assets - net	60,777,646	44,760,873
Other intangibles - net	81,990,839	83,841,171
Goodwill - net	300,287,335	296,897,247
Notes receivable, less current portion - net	90,091	111,093
Other assets	3,098,552	2,297,840
Total assets	\$ 475,872,065	\$ 458,127,793

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2023	2022
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 1,155,458	\$ 994,642
Accrued liabilities	12,803,617	7,779,892
Deferred revenue	2,949,793	3,619,688
Current portion of lease liabilities	5,783,768	3,841,036
Income tax payable	4,855,752	1,817,613
<hr/>		
Total current liabilities	27,548,388	18,052,871
Deferred revenue - less current portion	9,030,378	9,831,490
Other long-term liabilities	262,500	-
Lease liabilities - less current portion	54,252,528	40,413,908
Deferred tax liabilities	17,220,366	17,037,959
<hr/>		
Total liabilities	108,314,160	85,336,228
Commitments and Contingencies (Note 8)		
Member's equity		
Common stock, \$1.00 par value		
Authorized shares - 100,000, issued and outstanding shares - 1,000	1,000	1,000
Additional paid-in capital	297,598,135	315,400,882
Retained earnings	69,958,770	57,389,683
<hr/>		
Total member's equity	367,557,905	372,791,565
<hr/>		
Total liabilities and member's equity	\$ 475,872,065	\$ 458,127,793
<hr/>		

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Income

<i>For the years ended December 31,</i>	2023	2022
Revenues		
Franchise sales	\$ 3,508,446	\$ 3,373,128
Royalties	49,940,078	45,832,770
Rental income	13,118,572	11,907,621
Other revenue	5,787,952	5,952,703
Total revenues	72,355,048	67,066,222
Costs and expenses		
Cost of goods sold	2,310,482	3,374,481
Selling, general, and administrative	44,067,902	37,229,030
Depreciation and amortization	4,536,793	4,092,237
Total costs and expenses	50,915,177	44,695,748
Operating Income	21,439,871	22,370,474
Other income		
Interest income	64,168	199
Foreign currency exchange	8,040	(43,356)
Gain on sale of assets	-	253,092
Total other income, net	72,208	209,935
Income before taxes	21,512,079	22,580,409
Income tax expense	8,942,992	4,925,114
Net income	\$ 12,569,087	\$ 17,655,295

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Changes in Member's Equity

	Common stock Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total
Balance at December 31, 2021	1,000	\$ 1,000	\$ 326,062,998	\$ 39,734,388	\$ 365,798,386
Parent Company advances - net	-	-	(11,618,027)	-	(11,618,027)
Share-based compensation	-	-	955,911	-	955,911
Net income	-	-	-	17,655,295	17,655,295
Balance at December 31, 2022	1,000	\$ 1,000	\$ 315,400,882	\$ 57,389,683	\$ 372,791,565
Parent Company advances - net	-	-	(18,947,698)	-	(18,947,698)
Share-based compensation	-	-	1,144,951	-	1,144,951
Net income	-	-	-	12,569,087	12,569,087
Balance at December 31, 2023	1,000	\$ 1,000	\$ 297,598,135	\$ 69,958,770	\$ 367,557,905

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31,	2023	2022
Operating activities		
Net income	\$ 12,569,087	\$ 17,655,295
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	429,277	58,670
Depreciation & amortization	4,502,473	4,043,757
Share-based compensation expense	1,144,951	955,911
Gain on sale of assets	-	(253,092)
Capital Asset Impairment	323,146	-
Deferred income taxes	182,406	(526,188)
Amortization of right-of-use asset	4,322,294	3,957,006
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts and notes receivable, trade	(715,354)	(1,222,781)
Amount due to/from affiliate	(494,880)	844,519
Prepaid expenses	635,960	61,885
Other assets	(817,899)	410,263
Income taxes payable	3,038,140	(841,376)
Accounts payable	(353,661)	(236,487)
Accrued liabilities	4,598,741	1,499,001
Other long-term liabilities	(538,612)	(2,367,045)
Deferred revenue	(753,097)	108,492
Operating lease obligation	(3,407,70)	(3,613,275)
Net cash provided by operating activities	24,665,263	20,534,555
Investing activities		
Capital expenditures	(2,715,270)	(3,563,623)
Proceeds from sale of assets	-	725,000
Acquisition of a business, net of cash acquired	(6,784,799)	-
Net cash used in investing activities	(9,500,069)	(2,838,623)
Financing activities		
Payments on finance lease	(36,863)	(53,811)
Net advances to parent	(18,947,698)	(11,618,027)
Net cash used in financing activities	(18,984,561)	(11,671,838)
Net increase (decrease) in cash and cash equivalents	(3,819,367)	6,024,094
Cash and cash equivalents at beginning of year	11,866,419	5,842,325
Cash and cash equivalents at end of year	\$ 8,047,052	\$ 11,866,419

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

Supplemental disclosure:

Cash paid for income taxes	\$ 5,028,164	\$ 2,603,475
Cash received for interest	\$ 66,388	\$ 695

Supplemental noncash disclosures:

Fixed assets purchased and unpaid, included in accounts payable and accrued liabilities	\$ 704,463	\$ -
Right-of-use assets recorded upon adoption of ASC 842	\$ -	\$ 42,546,655
Right-of-use liabilities recorded upon adoption of ASC 842	\$ -	\$ 41,754,431
Operating right-of-use assets obtained in exchange for right-of-use liabilities	\$ 17,621,018	\$ 1,183,320
Non-cash impact of lease modifications	\$ 1,124,755	\$ 4,987,904
Non-cash impact of net favorable leases acquired in a business combination	\$ 1,113,144	\$ -

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Propelled Brands Franchising, LLC (the “Company”), a Delaware limited liability company, was formed on December 28, 2021 and directly or indirectly wholly owns all of the outstanding stock of FASTSIGNS International, Inc. (“FII”), Suite Management Franchising, LLC (“SMF”), SMF Corporate Stores, LLC (“SMC”), GTN Capital Group, LLC (“GTN”), and More Than IT LLC (doing business as NerdsToGo “NTG”).

FII sells franchises for the operation of B2B business establishments known as FASTSIGNS Centers. FII franchises directly in the United States, Canada, the United Kingdom and Grand Cayman. The franchises operate primarily in the United States. In addition, FII sells and supports master or area franchises in Australia, Chile, France, Malta and Spain. The FASTSIGNS franchise business specializes in selling, marketing, producing and installing visual communications including signs (both non-electrical and electrical), graphics, banners, flags, vehicle graphics, vehicle wraps, wayfinding signage, compliance signs, dimensional letters, dimensional signage, ready-to-apply lettering, exhibits and displays, decals and labels, exhibits, trade show and other displays, digital imaging, printing (including small format, large format and grand format), advertising and promotional products (including wearables), electronic or digital signage, logo/artwork design and illustration, product wraps and other related graphics, marketing services and complementary products and services. As of December 31, 2023 and 2022, there were 775 and 765, respectively, franchised locations in operation, both nationally and internationally.

SMF operates a franchising business that provides others with the opportunity to operate a salon suite business, serving as a property owner and business consultant to health and beauty professionals, renting private individualized space to the professionals. SMC operates company-owned salon suite properties. As of December 31, 2023, there were 274 franchised locations and 44 corporate locations in operation. As of December 31, 2022, there were 231 franchised locations and 31 corporate locations in operation.

GTN operates a franchising business that provides others with the opportunity to operate a technology sales, repair and service business under the service mark “NerdsToGo” and provide a wide variety of Information Technology solutions for small to medium sized businesses and homes through mobile service vans and service centers. NTG operates a single company center in Guilford, CT. As of December 31, 2023, there were 34 franchised locations and 1 corporate location in operation. As of December 31, 2022, there were 32 franchised locations and 1 corporate location in operation.

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Acquisition of SMC Corporate Locations

On September 8, 2023, the Company executed an asset purchase agreement for 6 corporate salon suite locations owned by S3 LLC, a third party. On October 6, 2023, the Company executed an asset purchase agreement for 6 corporate salon suite locations owned by CSS of Charleston, LLC, CSS of Goose Creek LLC, CSS of Moncks Corner Inc., DL3 LLC, Aquaculture Technology Transfer, Inc., Cirque Salon Studios of Summerville Inc., and Cirque Brands Limited, LLC, third parties. On December 27, 2023, the Company executed an asset purchase agreement for 1 corporate salon suite location owned by CSS Herndon Inc., a third party. The acquisitions were made as part of our strategic initiative to expand our SMC corporate locations in alignment with our growth objectives.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The total cash consideration paid of \$6,784,799 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, on the date of acquisition.

The total purchase price was allocated as follows:

Accounts receivable	\$	840
Prepaid expenses		30,291
Fixed assets		2,516,026
Right of use assets		17,332,602
Goodwill		3,390,088
Long-term assets		57,462
Accrued liabilities		(170,240)
Deferred revenue		(152,812)
Long-term lease liability		(16,219,458)
<hr/>		
Total consideration	\$	6,784,799

The company does expect to deduct the resulting goodwill for tax purposes. Transaction costs totaling \$504,916 were paid at closing and are included in the accompanying consolidated statements of operations.

2. Summary of Significant Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements.

Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company maintains cash in financial institutions, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on such accounts. As of December 31, 2023 and 2022, cash and cash equivalents include \$244,637 and \$240,814, respectively, held in foreign bank accounts.

The Company maintains some of its cash in U.S. transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2023, the Company’s uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$7,612,962. The Company does not believe the unsecured funds are at risk.

Financial Instruments

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable related to royalties owed by franchisees. Credit risks with respect to royalty receivables are limited due to the large number of franchisees comprising the Company’s franchisee base. The Company performs ongoing evaluations of the franchisees’ financial condition and maintains allowances for potential credit losses which, when incurred, have been within the range of management expectations.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Accounts Receivable

Accounts receivable consist primarily of royalty billings to franchisees and are due within 30 days. Accounts receivables are stated at amounts net of an allowance for credit losses. The allowance for credit losses is estimated based on historical collectivity, aging of receivables and other factors such as franchisee performance or circumstances that may impact the Company's ability to collect against those receivables. Accounts receivables are written off through the allowance account when it is determined the receivable will not be collected. Accounts receivable may also be converted to notes receivable due from franchisees at the discretion of the Company.

Changes in the Company's allowance for credit losses, including accounts and notes receivable, for the years ended December 31 are as follows:

	2023	2022
Beginning balance	\$ 794,410	\$ 778,691
Current period provision for expected credit losses, net	429,277	58,670
Write-offs charged against the allowance	(162,222)	(42,951)
Ending balance	\$ 1,061,465	\$ 794,410

Notes Receivable

FII has notes receivable that are due from franchisees and bear interest at rates per annum ranging from 6% to 10%. The notes are generally secured by the assets of the related FASTSIGNS stores. The notes receivable balance as of December 31, 2023 and 2022 were \$184,822 and \$294,403, respectively. The allowance for credit losses balance related to notes receivable was \$28,304 and \$91,806 as of December 31, 2023 and 2022, respectively.

FII has a Master Franchising Agreement with Ideal Signs Pty Ltd ("Ideal Signs"). Ideal Signs serves as the Master Franchisor in Australia and incurs all expenses and liabilities associated with franchises located in Australia. Ideal Signs pays the Company a 2% royalty percentage in accordance with the Master Franchising Agreement and has a note with FII with a balance of \$74,567 as of December 31, 2023, and \$110,151 as of December 31, 2022. The allowance for credit losses balance for the Master Franchisor notes receivable was \$26,098 and \$88,121 as of December 31, 2023 and 2022, respectively.

Fixed Assets

Fixed assets associated with an acquisition are recorded at fair value at the date of acquisition and subsequent purchases are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment and internally developed software have an estimated useful life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Maintenance and repairs are charged to expense as incurred.

The Company reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as other economic factors. An impairment of \$323,146 was recognized in 2023, no impairment was recorded in 2022.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition.

Under FASB ASC 350, Intangibles, Goodwill and Other (“ASC 350”), the Company does not amortize goodwill and determines if intangibles have a finite future life and should be amortized or an indefinite life not subject to amortization. Finite and indefinite lived intangibles are evaluated for impairment when current facts or circumstances indicate that the carrying value of the assets may not be recoverable and/or if there is a change in the useful life of the finite intangible. Amortization is recorded using the straight-line method over the following estimated useful lives of the asset:

Trade names	10 years to indefinite
Program materials	3 years
Internally developed software	3 years
Franchise agreements	1-20 years

In accordance with ASC 350, the Company evaluates goodwill for impairment whenever events or changes in circumstances indicate that the fair value of the entity may be below its carrying amount. When necessary, a goodwill impairment loss is measured as the amount by which the carrying amount of the Company, including goodwill, exceeds its fair value. Any goodwill impairment loss determined shall not exceed the carrying amount of goodwill.

The Company determined that there were no indications of impairment in 2023 or 2022 related to goodwill or other intangibles.

Income Taxes

The Company is a single member limited liability company that is disregarded for federal tax reporting purposes. The Company is included in a consolidated Federal tax return with Holdings. FII is a regarded corporate taxpayer. SMF, SMC, GTN, and NTG are all single member limited liability companies that are disregarded for federal tax reporting. The consolidated financial statements for the Company have been prepared as if the Company was a stand-alone taxpayer for the regarded corporate entity (FII) only.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company accounts for uncertain tax provisions using a two-step process. The Company first determines whether it is more-likely-than-not that a tax position will be sustained upon examination. If a tax position meets the more-likely-than-not threshold it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax position is measured as the largest amount of expense with a greater than 50 percent likelihood of being realized upon ultimate settlement. Penalties and interest incurred are recognized in income tax expense.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Revenue Recognition

The Company's revenues consist of franchise sales including initial franchise and sub-franchise fees, franchise re-sale transfer fees, and renewal franchise fees, royalties based on a percent of franchisee sales, salon suite rental income, and other revenue including general contracting construction sales, and sales of equipment, services, supplies and inventory. Some franchises are master franchise arrangements with development rights across a defined territory or multiple territories. Typical agreements governing the franchise relationship range from 10 to 20 years in length, whereby the initial franchise and transfer fees are typically collected upon agreement execution and prior to the start of the Company's performance obligations.

The Company recognizes revenue in accordance with FASB ASC Topic 606 (which addresses revenue from contracts with customers) and Topic 842 (which addresses lease revenue with the adoption of ASC 842 as of January 1, 2022).

The Company has defined its distinct and non-distinct performance obligations required under the terms of the various contracts. For its franchise agreements, the Company believes that portions of certain Pre-Opening Services; the initial training, site selection and development services, benefit the Franchisee without its use of the license and are therefore considered distinct performance obligations separable from the franchise right. Performance obligations for initial training, site selection and development services are generally satisfied as of the opening date for a franchise center. To allocate the initial franchise and transfer fees to the associated performance obligations, the Company used an expected cost plus a margin approach to determine the amount of the initial franchise or transfer fee identified with the distinct portion of the initial training, site selection and development services. This total distinct amount is recognized upfront, and the remaining non-distinct portion of the total franchise fee is allocated to symbolic intellectual property and recognized over the agreement term starting from the opening date of the franchise center. Due to the immaterial nature of renewal franchise fees, they are recognized upon agreement execution. Certain franchise agreements may also include a financing component, but the Company has determined that the total interest amount related to these franchise agreements is immaterial to its consolidated financial statements.

Royalties are generally based on a percent of franchisee sales differing by brand ranging from 2% to 8% and are recognized at the time the underlying franchisee's sales occur. Advertising fund revenue for SMF and GTN is included in royalty revenue.

To secure new franchises, the Company uses its sales force, and in certain instances, third party brokers to obtain leads for new franchise arrangements. The costs for internal sales commissions and third-party broker fees are amortized over the agreement term of each respective contract starting from the opening date of the franchise center.

Balance sheet balances related to ASC 606 consists of the following on December 31:

	2023	2022
Deferred Revenue:		
Current deferred revenue	\$ 2,949,793	\$ 3,619,688
Non-current deferred revenue	9,030,378	9,831,490
Total deferred revenue	\$ 11,980,171	\$ 13,451,178

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Deferred Expense:			
Current deferred expense (included in prepaid expenses)	\$	648,795	\$ 973,726
Non-current deferred expense (included in other assets)		2,920,914	2,255,600
<hr/>			
Total deferred expense	\$	3,569,709	\$ 3,229,326
<hr/>			

Under ASC 842, Leases, the Company sublets compartmentalized spaces to non-related parties at a weekly rate for periods of generally one year (lessor). Lessor accounting in ASC 842 remains largely unchanged from ASC 840. These lessor transactions do not transfer ownership to the lessee and with lease terms substantially shorter than the life of the underlying asset, the Company continues to characterize these as operating leases under ASC 842. Therefore, there is no impact to revenue recognition of the lessor transactions at adoption. The Company continues to recognize rental income on a weekly basis over the life of the lease as collectability is probable.

Other revenue earned was \$5,787,952 and \$5,952,703 for the years ending December 31, 2023 and 2022, respectively. Other revenue is comprised of three major categories: franchisee new center openings which includes the sale of equipment and location finishings, vendor rebates, and other services related to opening a new franchise center; the sale of goods and services by all brands including the Company's NerdsToGo Corporate Store; and ongoing franchisee support services provided by the franchisor.

Under ASC 606, substantially all of our revenue is recognized over time as we deliver services and support for our franchisees, except for revenues earned for the sale of goods, equipment, and certain services, of \$4,094,384 and \$4,388,257 in the years ended December 31, 2023 and 2022, respectively, which are recognized at a point in time and are included in other revenue on our consolidated statements of income.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, *Compensation-Stock Compensation*. The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense based on their estimated fair values over the requisite service period, which is generally the vesting period of the awards. The Company currently estimates stock option forfeitures at the inception of the stock option agreement. The Company adjusts its estimates when the actual forfeitures are likely to change or differ from estimates. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The expected life of each award granted is determined using the average of the weighted-average vesting term and contractual term. Expected volatility is based on the historical volatility of similar entities whose share or option price is publicly available with a similar vesting and contractual term. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company has never paid any cash dividends and, accordingly, the Company uses an expected dividend yield of zero.

Advertising Costs

The Company expenses the costs of advertising when incurred. Advertising expense was \$2,068,810 and \$2,187,286 for the years ended December 31, 2023 and 2022, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“US GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Contingencies

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

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements*, certain assets and liabilities are carried at fair value and are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 - Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument’s anticipated life.

Level 3 - Inputs are unobservable and therefore reflect management’s best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2023 and 2022 including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short maturities. The Company’s notes receivable bear interest at market rates and management does not believe there has been a change in the franchisees’ credit quality from the date of issuance. Thus, management believes their carrying amounts approximate fair value.

The Recent Accounting Pronouncements Adopted

In June 2016, the FASB issued ASC 326 which significantly changed how entities will measure credit loss for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statement with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the company that were subject to the guidance were trade accounts receivables. The Company adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosure only. There was no impact to prior period.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Recent Accounting Pronouncements Not Adopted

In October 2021, the FASB issued ASU No. 2021-08, Business Combinations (Topic 805) - Accounting for Contract Assets and Contract Liabilities from Contracts with Customers, to amend the current accounting guidance in ASC 805 to require entities to apply ASC 606 to recognize and measure contract assets and contract liabilities acquired in a business combination. The Company plans to adopt this guidance effective January 1, 2024 and does not expect the adoption to have a material impact on its consolidated financial statements.

3. Related Party Transactions

The Company performs certain bookkeeping and administrative services for and allocates facility and supply resources to the FII advertising cooperative, which includes a National Accounts sales division. The company has no ownership stake in the FII advertising cooperative. Amounts reimbursed for these services were \$952,490 and \$1,043,579 in 2023 and 2022, respectively. For 2023 and 2022, the Company earned royalty revenue of 6% of the advertising cooperative's sales to parties other than FASTSIGNS franchises. Royalty revenue earned from the cooperative under the National Accounts was \$865,799 and \$971,709 in 2023 and 2022, respectively. This advertising cooperative is wholly owned by the FASTSIGNS franchisees. Accounts receivable from the advertising cooperative and National Accounts were \$486,028 and \$410,425 at December 31, 2023 and 2022, respectively, and are presented as "Amounts due from affiliates" on our consolidated balance sheets. See Note 10 - Receivable from Parent Company for additional related party disclosure.

4. Fixed Assets

Fixed assets consist of the following at December 31:

	2023	2022
Furniture, equipment and internally developed software	\$ 6,730,068	\$ 5,569,044
Leasehold improvements	12,825,113	8,058,589
Total fixed assets	19,555,181	13,627,633
Less: accumulated depreciation	(6,593,875)	(3,630,800)
Fixed assets, net	\$ 12,961,306	\$ 9,996,833

The furniture, equipment and developed software have an expected life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Total fixed assets is inclusive of construction in process of \$1,905,869 and \$726,636 at December 31, 2023 and 2022, respectively, and is primarily included in leasehold improvements. Depreciation expense was \$2,652,140 and \$1,957,467 for the years ended December 31, 2023 and 2022, respectively.

5. Leases

The Company primarily leases commercial retail space associated with its MY SALON Suite and Salon Plaza brands and subleases compartmentalized suites to beauty professionals at a weekly rate for periods of generally one year. The lessee arrangements account for the significant portion of the lease liabilities and right-of-use assets on the consolidated balance sheet. The lessor arrangements and the applicable accounting guidance are more fully explained in this report under *Revenue Recognition*.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The base terms for most of our lease arrangements typically do not extend beyond 10 years. We commonly have renewal options in our leases in 5-year increments that are generally included in the calculated lease liabilities and associated right-of-use assets. All of the renewal options considered for future lease liabilities are associated with the MY SALON Suite and Salon Plaza brands, which can have significant construction costs due to their highly compartmentalized footprint with generally semi-permanent fixtures that are not easily moved into a new space. Due to these factors, it is almost always more economically feasible to stay in the leased space and make cosmetic updates versus moving to a new space.

As an accounting policy election, any short-term leases with an initial term of 12 months or less are not recognized as lease liabilities and right-of-use assets in the consolidated balance sheets. The rent expense associated with short term leases is generally recognized on a straight-line basis over the lease term. The company is also electing the practical expedient to not separate lease components from non-lease components for all of its equipment leases and therefore the non-lease components are factored into the calculation of lease liabilities and associated right-of-use assets. The company is choosing to separate lease and non-lease components for all its building leases, and the associated non-lease components, such as Common Area Maintenance and Real Estate Taxes, are expensed as incurred.

Due to the implicit rate not being readily available or determined in most leases, the company has elected the practical expedient for all lease payments to be discounted at a risk-free rate based on the treasury bond rates with maturity dates that most closely match the remainder of the lease either at adoption or commencement if post-adoption.

Finance leases with a right-of-use asset value of \$97,727 and a current and long-term portion lease liability value of \$23,374 and \$72,316 respectively are included in the values reported on the Consolidated Balance Sheet as of December 31, 2023.

Supplemental balance sheet information related to leases as of December 31, 2023 is as follows:

Weighted Average Remaining Lease Term (Years)

Operating leases	14 years
Finance leases	5 years

Weighted Average Discount Rate

Operating leases	2.8%
Finance leases	4.2%

The components of lease costs are as follows:

Operating lease cost	\$ 5,426,099
Finance lease cost:	
Amortization of right-of-use assets	\$ 34,320
Interest on lease liabilities	2,220
Total finance lease costs	\$ 36,540

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Operating lease costs are recorded in selling, general, and administrative costs and expenses on the Consolidated Statements of Income. For financing leases, the amortization of right-of-use assets are recorded in depreciation and amortization expense, and interest on lease liabilities are netted with Interest income on the Consolidated Statements of Income. Total operating lease cash payments of \$4,436,949 and \$4,410,805 were made in 2023 and 2022, respectively.

Future payments due under operating and finance leases by fiscal year as of December 31, 2023 are as follows:

Years ending December 31:	Operating Leases	Financing Leases
2024	\$ 5,465,738	\$ 23,369
2025	5,700,938	23,369
2026	5,734,924	23,369
2027	5,648,670	23,369
2028	5,148,796	11,685
Thereafter	47,001,286	-
Total remaining lease payments at December 31, 2023	\$ 74,700,352	\$ 105,161
Less: portion representing imputed interest	(14,759,746)	(9,471)
Present value of lease liabilities at December 31, 2023	\$ 59,940,606	\$ 95,690

As a result of the adoption of the leasing guidance, the consolidated balance sheet as of January 1, 2022 reflected \$41.7 million of operating and \$0.1 million of financing lease liabilities, along with corresponding right-of-use operating assets of \$42.4 million and right-of-use financing assets of \$0.1 million, reflecting adjustments for items such as deferred rent, prepaid rent, unamortized lease incentives, and unamortized favorable and unfavorable lease intangibles.

6. Other Intangibles and Goodwill

Other Intangibles

Other intangibles consist of the following at December 31, 2023:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (2,064,604)	\$ 35,396
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,640,000	(3,541,573)	10,098,427
Internally developed software	490,000	(411,164)	78,836
Market franchise agreements	810,762	(432,582)	378,180
Total	\$ 88,440,762	\$ (6,449,923)	\$ 81,990,839

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Other intangibles consist of the following at December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,860,614)	\$ 239,386
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,640,000	(2,177,114)	11,462,886
Internally developed software	490,000	(247,723)	242,277
Market franchise agreements	810,762	(314,140)	496,622
Total	\$ 88,440,762	\$ (4,599,591)	\$ 83,841,171

Amortization expense was \$1,850,332 and \$2,086,290 for the years ended December 31, 2023 and 2022, respectively.

Estimated amortization expense for finite-lived intangibles for the subsequent five years and thereafter is as follows:

Years ending December 31,

2024	\$ 1,576,726
2025	1,460,452
2026	1,453,812
2027	1,438,072
2028	1,380,124
Thereafter	3,281,653
Total	\$ 10,590,839

Goodwill

The changes in the carrying amount of goodwill as of December 31, 2023 and 2022 are as follows:

	2023	2022
Balance at beginning of year	\$ 296,897,247	\$ 296,824,386
Goodwill recorded from acquisitions	3,390,088	72,861
Balance at end of year	\$ 300,287,335	\$ 296,897,247

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2023	2022
Employee benefits and compensation	\$ 2,334,499	\$ 2,032,793
Accrued payables to franchisees	2,167,953	1,892,352
Event related accruals	1,340,970	1,271,359
Customer deposits	1,614,710	965,028
Acquisition transaction costs	2,439,816	-
Other	2,905,669	1,618,360
Total accrued liabilities	\$ 12,803,617	\$ 7,779,892

8. Commitments and Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that as of December 31, 2023 that it is probable that the Company has incurred a loss contingency as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, a \$150,000 liability has been accrued for this matter as of December 31, 2023. No loss contingencies were accrued as of December 31, 2022. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

9. Income Taxes

The expense (benefit) for income taxes consists of the following for the years ended December 31:

	2023	2022
Current		
Federal	\$ 7,383,607	\$ 4,819,044
State	1,182,311	410,927
Foreign	194,807	221,329
Total current	8,760,725	5,451,300
Deferred:		
Federal	147,498	(425,487)
State	34,769	(100,699)
Total deferred	182,267	(526,186)
Income tax expense	\$ 8,942,992	\$ 4,925,114

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

The tax effect of temporary differences that gave rise to deferred tax assets and liabilities consist of the following as of December 31:

	2023	2022
Deferred tax assets		
Allowance for credit losses	\$ 259,270	\$ 195,298
Accrued compensation	105,770	374,196
Share-based compensation	653,599	653,599
Accrued professional fees	34,418	39,850
Deferred revenue	860,544	697,767
ASC 842 lease liability	3,309	432,842
ASC 606 adjustments	(224,956)	237,417
Total deferred tax assets	1,691,954	2,630,969
Deferred tax liabilities:		
Intangible assets	(18,689,307)	(18,646,677)
Prepaid expenses	9,702	(14,125)
ASC 842 Right of Use Asset	(4,487)	(438,823)
Depreciation	(90,514)	(569,303)
Tax amortization of Sec.174	(137,714)	-
Total deferred tax liabilities	(18,912,320)	(19,668,928)
Net deferred tax assets (liabilities)	\$ (17,220,366)	\$ (17,037,959)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before taxes primarily due to state tax obligations, permanently non-deductible expenses, provision for uncertain tax positions and true ups to prior period estimates. The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. As of December 31, 2023, and 2022, the Company has accrued approximately \$1,169,000, and \$1,058,000, respectively, to reserve for uncertain tax positions. As of December 31, 2023, and 2022, the reserve for uncertain tax positions is inclusive of penalties and interest of approximately \$543,000 and \$496,000, respectively.

10. Receivable From Parent Company

The receivable from the parent company is unsecured, bears no interest and is due on demand. The receivables incurred by the parent company are presented as a component of additional paid in capital on the Consolidated Statement of Members Equity for the respective years. The net receivable incurred by the parent company for the years ended December 31, 2023 and 2022 was \$18,947,698, and \$11,618,027, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

11. Share-Based Compensation

In 2019, the parent company created share-based payment plan (“2019 Stock Option Plan”) established August 1, 2019, for the benefit of employees of the Company. The parent company originally allotted a total of 23,281 shares to be issued under the 2019 Stock Option Plan and increased the allotment by 2,741 shares in 2021. Option grants have a contractual life of ten years, subject to certain conditions, and typically vest over 5 years with half based upon service and half based upon financial thresholds. 20% of the service-based options typically vest each year over a five-year period, and the financial performance-based options are subject to vesting upon a change of control.

Information with respect to options under these plans is as follows:

	Outstanding Options		Weighted Average Exercise Price
Total options outstanding, December 31, 2021	20,579	\$	1,000.00
Issued	4,147		1,924.22
Exercised	-		-
Forfeited	2,114		1,000.00
Total options outstanding, December 31, 2022	22,612	\$	1,169.50
Issued	2,530		2,214.19
Exercised	580		1,000.00
Forfeited	494		1,673.52
Total options outstanding, December 31, 2023	24,068	\$	1,273.06
Options vested and exercisable, December 31, 2023	7,474		1,051.27

The weighted-average exercise price and average remaining contractual life of the 24,068 options outstanding at December 31, 2023 was \$1,273.06 and 6.4 years. The weighted-average exercise price and average remaining contractual life of the 22,612 options outstanding at December 31, 2022 was \$1,169.50 and 7.1 years. As of December 31, 2023, 7,474 options were vested and at December 31, 2022, 6,305 options were vested.

The estimated fair value of options is amortized to compensation expense on the straight-line basis over the options’ vesting period. The compensation cost for share-based employee compensation related to the Company was \$1,144,951 and \$955,911 for the years ended December 31, 2023 and 2022, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Expected amortization for the subsequent years ending December 31 is as follows:

Years ending December 31,		
2024	\$	964,425
2025		563,984
2026		557,129
2027		361,006
2028		105,081
Total amortization	\$	2,551,625

12. Employee Benefit Plan

The Company has a defined contribution plan structured under Section 401(k) of the Internal Revenue Code. Under the plan, contributions are made by eligible employees. The employees can elect to contribute up to 20% of their salary or \$22,500 in 2023 and \$20,500 in 2022. The Company matches 50% of the first 6% of contributions for a total amount of \$317,564 in 2023 and \$208,357 in 2022.

13. Subsequent Events

Acquisition of Camp Bow Wow Franchising, Inc.

On January 31, 2024, the Company acquired 100% of Camp Bow Wow Franchising, Inc., a Delaware corporation ("CBF") stock pursuant to an agreement dated December 14, 2023. CBF is a franchisor of multi-unit pet care centers across the United States and Canada that offer dog boarding and daycare services under its "Camp Bow Wow®" trademark and other intellectual property, and CBW Operating Inc., a Delaware corporation ("CBO"), a wholly owned subsidiary of CBF which operates Corporate Camps in Colorado.

The Company incurred \$2,869,038 of related acquisition costs in fiscal year 2023 which are reflected in selling, general and administrative costs in the Consolidated Statement of Income.

The Company evaluated subsequent events through April 26, 2023, the date the consolidated financial statements were available to be issued.

**~~Propelled Brands Franchising, LLC
and Subsidiaries~~**

~~Consolidated Financial Statements~~
~~For the years ended December 31, 2022 and 2021.~~

~~Propelled Brands Franchising, LLC and Subsidiaries~~

Consolidated Financial Statements
~~For the years ended December 31, 2022 and 2021~~

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Contents~~

Independent Auditor's Report	3
Consolidated Financial Statements:	
Balance Sheets	5
Statements of Income	7
Statements of Changes in Member's Equity	8
Statements of Cash Flows	9
Notes to consolidated financial statements	11



Tel: 214-969-7007
Fax: 214-953-0722
www.bdo.com

600 North Pearl, Suite 1700
Dallas, TX 75204

Independent Auditor's Report

Board of Directors
Propelled Brands Franchising, LLC and Subsidiaries
Carrollton, Texas

Opinion

We have audited the consolidated financial statements of Propelled Brands Franchising, LLC (the "Company"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of income, changes in member's equity, and cash flows for the years 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, effective December 28, 2021, as a transaction among entities under common control and all prior financial information has been recast to reflect the Reorganization Transaction as of the earliest period presented under common control, March 13, 2019. Prior to March 13, 2019, the consolidated financial statements reflect the historical financial information of FASTSIGNS International, Inc. and, therefore, is not comparable. Our opinion is not modified with respect to this matter.

As discussed in Note 5 to the consolidated financial statements, the Company changed its method of accounting for leases in 2022 due to the adoption of Accounting Standards Codification Topic 842, *Leases*. 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

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.

| ~~material misstatement, whether due to fraud or error.~~

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



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.

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.



Dallas, Texas
April 28, 2023

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets

As of December 31,	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 11,866,419	\$ 5,842,325
Accounts receivable—net	5,062,196	3,934,585
Current portion of notes receivable —net	91,504	132,084
Amounts due from affiliates	-	844,519
Prepaid expenses	2,561,724	2,658,939
Other current assets	640,893	825,033
Total current assets	20,222,736	14,237,485
Fixed assets—net	9,996,833	8,871,348
Right of use assets—net	44,760,873	-
Other intangibles—net	83,841,171	87,935,054
Goodwill—net	296,897,247	296,824,386
Notes receivable, less current portion —net	111,093	75,765
Other assets	2,297,840	2,600,564
Total assets	\$ 458,127,793	\$ 410,544,602

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Balance Sheets (continued)

<i>As of December 31,</i>	2022	2021
Liabilities and Member's Equity		
Current liabilities		
Accounts payable	\$ 994,642	\$ 1,231,129
Accrued liabilities	7,779,892	6,296,029
Deferred revenue	3,619,688	3,511,196
Current portion lease liabilities	3,841,036	-
Income tax payable	1,817,613	2,658,989
Total current liabilities	18,052,871	13,697,343
Deferred revenue – less current portion	9,831,490	11,448,858
Unfavorable leases – net	-	515,600
Other long-term liabilities	-	1,520,269
Lease liabilities – less current portion	40,413,908	-
Deferred tax liabilities	17,037,959	17,564,146
Total liabilities	85,336,228	44,746,216
Commitments and Contingencies (Note 5)		
Member's equity		
Common stock, \$1.00 par value		
Authorized shares – 100,000, issued and outstanding shares – 1,000	1,000	1,000
Additional paid-in capital	315,400,882	326,062,998
Retained earnings	57,389,683	39,734,388
Total member's equity	372,791,565	365,798,386
Total liabilities and member's equity	\$ 458,127,793	\$ 410,544,602

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Income

<i>For the years ended December 31,</i>	2022	2021
Revenues		
Franchise sales	\$ 3,373,128	\$ 2,242,187
Royalties	45,832,770	36,660,610
Rental income	11,907,621	5,669,980
Other revenue	5,952,703	6,940,342
Total revenues	67,066,222	51,513,119
Costs and expenses		
Cost of goods sold	3,374,481	4,376,987
Selling, general, and administrative	37,229,030	25,296,487
Depreciation and amortization	4,092,237	3,215,353
Total costs and expenses	44,695,748	32,888,827
Operating Income	22,370,474	18,624,292
Other income (expenses)		
Interest income (expense)	199	(279)
Foreign currency exchange	(43,356)	(10,027)
Gain on sale of assets	253,092	-
Other income	-	7,162
Total other income (expense), net	209,935	(3,144)
Income before taxes	22,580,409	18,621,148
Income tax expense	4,925,114	5,909,117
Net income	\$ 17,655,295	\$ 12,712,031

See accompanying notes to consolidated financial statements.

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Consolidated Statements of Changes in Member's Equity~~

	Common stock	Additional	Retained	Total	
	Shares	Amount	Paid-in Capital	Earnings	
Balance at December 31, 2020	1,000	\$ 1,000	\$ 264,142,939	\$ 27,022,357	\$ 291,166,296
Effect of Reorganization Transaction	—	—	81,167,101	-	81,167,101
Parent Company advances -- net	—	—	(19,984,602)	-	(19,984,602)
Share-based compensation	—	—	737,560	-	737,560
Net income	—	—	-	12,712,031	12,712,031
Balance at December 31, 2021	1,000	\$ 1,000	\$ 326,062,998	\$ 39,734,388	\$ 365,798,386
Parent Company advances -- net	—	—	(11,618,027)	-	(11,618,027)
Share-based compensation	—	—	955,911	-	955,911
Net income	—	—	-	17,655,295	17,655,295
Balance at December 31, 2022	1,000	\$ 1,000	\$ 315,400,882	\$ 57,389,683	\$ 372,791,565

See accompanying notes to consolidated financial statements.

Propelled Brands Franchising, LLC and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31,	2022	2021
Operating activities		
Net income	\$ 17,655,295	\$ 12,712,031
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	58,670	89,627
Depreciation & amortization	4,043,757	3,215,353
Share-based compensation expense	955,911	737,560
Gain on sale of assets	(253,092)	-
Deferred income taxes	(526,188)	(68,902)
Amortization of right-of-use asset	3,957,006	-
Changes in operating assets and liabilities, net of businesses acquired:		
Accounts and notes receivable, trade	(1,222,781)	(161,887)
Amount due to/from affiliate	844,519	308,720
Prepaid expenses	61,885	(512,331)
Other assets	410,263	(1,056,611)
Income taxes payable	(841,376)	(81,189)
Accounts payable	(236,487)	129,978
Accrued liabilities	1,499,001	3,351,612
Intangible liabilities—unfavorable leases	-	569,926
Other long-term liabilities	(2,367,045)	1,520,269
Deferred revenue	108,492	713,572
Operating lease obligation	(3,613,275)	-
Net cash provided by operating activities	20,534,555	21,467,728
Investing activities		
Capital expenditures	(3,563,623)	(1,734,538)
Proceeds from sale of assets	725,000	-
Acquisition of a business, net of cash acquired	-	(1,745,946)
Net cash used in investing activities	(2,838,623)	(3,480,484)
Financing activities		
Payments on finance lease	(53,811)	-
Net advances to parent	(11,618,027)	(19,371,672)
Net cash used in financing activities	(11,671,838)	(19,371,672)
Net increase (decrease) in cash and cash equivalents	6,024,094	(1,384,428)
Cash and cash equivalents at beginning of year	5,842,325	7,226,753
Cash and cash equivalents at end of year	\$ 11,866,419	\$ 5,842,325

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Consolidated Statements of Cash Flows~~

~~Supplemental disclosure:~~

Cash paid for income taxes	\$ 2,603,475	\$ 3,223,390
Cash received for interest	\$ 695	\$ -

~~Supplemental noncash disclosures:~~

Effect of the Reorganization Transaction	\$ -	\$ 81,167,101
Parent Company advances - net	\$ -	\$ (612,930)
Right-of-use assets recorded upon adoption of ASC 842	\$ 42,546,655	\$ -
Right-of-use liabilities recorded upon adoption of ASC 842	\$ 41,754,431	\$ -
Operating right-of-use assets obtained in exchange for right-of-us liabilities	\$ 1,183,320	\$ -
Non-cash impact of lease modifications	\$ 4,987,904	\$ -

~~See accompanying notes to consolidated financial statements.~~

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

1. Organization and Basis of Presentation

Propelled Brands Franchising, LLC (the “Company”), a Delaware limited liability company, was formed on December 28, 2021 and directly or indirectly wholly owns all of the outstanding stock of FASTSIGNS International, Inc. (“FII”), Suite Management Franchising, LLC (“SMF”), SMF Corporate Stores, LLC (“SMC”), GTN Capital Group, LLC (“GTN”), and More Than IT LLC (doing business as NerdsToGo “NTG”).

FII sells franchises for the operation of B2B business establishments known as FASTSIGNS Centers. FII franchises directly in the United States, Canada, the United Kingdom and Grand Cayman. The franchises operate primarily in the United States. In addition, FII sells and supports master or area franchises in Australia, Chile, France, Malta and Spain. The FASTSIGNS franchise business specializes in selling, marketing, producing and installing visual communications including signs (both non-electrical and electrical), graphics, banners, flags, vehicle graphics, vehicle wraps, wayfinding signage, compliance signs, dimensional letters, dimensional signage, ready-to-apply lettering, exhibits and displays, decals and labels, exhibits, trade show and other displays, digital imaging, printing (including small format, large format and grand format), advertising and promotional products (including wearables), electronic or digital signage, logo/artwork design and illustration, product wraps and other related graphics, marketing services and complementary products and services. As of December 31, 2022 and 2021, there were 765 and 761, respectively, franchised locations in operation, both nationally and internationally.

SMF operates a franchising business that provides others with the opportunity to operate a salon suite business, serving as a property owner and business consultant to health and beauty professionals, renting private individualized space to the professionals. SMC operates company-owned salon suite properties. As of December 31, 2022, there were 231 franchised locations and 31 corporate locations in operation. As of December 31, 2021, there were 192 franchised locations and 31 corporate locations in operation.

GTN operates a franchising business that provides others with the opportunity to operate a technology sales, repair and service business under the service mark “NerdsToGo” and provide a wide variety of Information Technology solutions for small to medium sized businesses and homes through mobile service vans and service centers. NTG operates a single company center in Guilford, CT. As of December 31, 2022, there were 32 franchised locations and 1 corporate location in operation. As of December 31, 2021, there were 30 franchised locations and 1 corporate location in operation.

On March 13, 2019, Fastsigns Holdings Inc. (“Holdings” or “Parent”) acquired all of the outstanding shares of Display Holding Company Inc., which indirectly wholly owns all of the outstanding stock of FII. On September 9, 2020, Saldon Holdings, Inc. (“Saldon”), an indirect wholly owned subsidiary of Holdings and immediate parent of the Company, acquired all of the outstanding shares of NTG and on June 25, 2021, Suite Management Holdings, LLC (“Suite Management”), a direct wholly owned subsidiary of Saldon, acquired all of the outstanding shares of SMF. On December 28, 2021, the Company issued shares to Saldon in exchange for Saldon’s direct and indirect ownership interest in FII, NTG and SMF (the “Reorganization Transaction”). This Reorganization Transaction was accounted for as a transfer among entities under common control, as reflected in the accounts of Holdings, Saldon or Suite Management, as applicable. All prior period financial information has been recast to reflect the Reorganization Transaction.

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

~~Acquisition of Dream Team Suites~~

On December 30, 2021, the Company executed an asset purchase agreement for two corporate salon suite locations owned by Dream Team Suites, LLC, a third party. The cash consideration paid of \$1,745,946 was allocated to the assets acquired and liabilities assumed by the Company based on management estimates of their fair value in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 805, Business Combinations, on the date of acquisition.

The total purchase price was allocated as follows:

Property and equipment	\$ 1,672,010
Member security deposits	(33,834)
Goodwill	107,770
<hr/>	
Total consideration	\$ 1,745,946

~~2. Summary of Significant Accounting Policies~~

The following is a summary of significant accounting policies followed in the preparation of these consolidated financial statements.

~~Cash and Cash Equivalents~~

The Company considers all highly liquid investments with maturities of three months or less to be cash equivalents. The Company maintains cash in financial institutions, which at times may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on such accounts. As of December 31, 2022 and 2021, cash and cash equivalents includes \$240,814 and \$504,489, respectively, held in foreign bank accounts.

The Company maintains some of its cash in U.S. transaction accounts which are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000 per depositor. As of December 31, 2022, the Company’s uninsured deposits in its deposit accounts with a U.S. bank totaled approximately \$11,391,217. The Company does not believe the unsecured funds are at risk.

~~Financial Instruments~~

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of accounts and notes receivable related to royalties owed by franchisees. Credit risks with respect to royalty receivables are limited due to the large number of franchisees comprising the Company’s franchisee base. The Company performs ongoing evaluations of the franchisees’ financial condition and maintains allowances for potential credit losses which, when incurred, have been within the range of management expectations.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Accounts Receivable

Accounts receivable consist primarily of royalty billings to franchisees and are due within 30 days. Accounts receivables are stated at amounts net of an allowance for doubtful accounts. In order to estimate and assess the collectability of accounts receivable, the Company monitors the current creditworthiness of each franchisee and analyzes the aging of related past due balances. The allowance requirements are based on current facts, and the estimates are reevaluated and adjusted as additional information is obtained. Accounts receivable are written off through the allowance account when it is determined the receivable will not be collected. Accounts receivable may also be converted to notes receivable due from franchisees at the discretion of the Company.

Changes in the Company's allowance for doubtful accounts, including accounts and notes receivable, for the years ended December 31 are as follows:

	2022	2021
Beginning balance	\$ 778,691	\$ 786,928
Bad debt expense, net of recoveries	58,670	89,627
Write-offs	(42,951)	(97,864)
Ending balance	\$ 794,410	\$ 778,691

Notes Receivable

FII has notes receivable that are due from franchisees and bear interest at rates per annum ranging from 6% to 10%. The notes are generally secured by the assets of the related FASTSIGNS stores. The notes receivable balance as of December 31, 2022 and 2021 were \$294,403, and \$329,582, respectively. The allowance for doubtful accounts balance related to notes receivable was \$91,806 and \$121,733 as of December 31, 2022 and 2021, respectively.

FII has a Master Franchising Agreement with Ideal Signs Pty Ltd ("Ideal Signs"). Ideal Signs serves as the Master Franchisor in Australia and incurs all expenses and liabilities associated with franchises located in Australia. Ideal Signs pays the Company a 2% royalty percentage in accordance with the Master Franchising Agreement and has a note with FII with a balance of \$110,151 as of December 31, 2022, and \$137,126 as of December 31, 2021. The allowance for doubtful accounts balance for the Master Franchisor notes receivable was \$88,121, and \$79,233 as of December 31, 2022 and 2021, respectively.

Fixed Assets

Fixed assets associated with an acquisition are recorded at fair value at the date of acquisition and subsequent purchases are recorded at cost. Depreciation is determined using the straight-line method over the estimated useful lives of the assets for financial reporting purposes. Furniture, equipment and internally developed software have an estimated useful life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Maintenance and repairs are charged to expense as incurred.

The Company reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. The factors considered by management in performing this assessment include current operating results, trends and prospects, as well as other economic factors. No impairment was recognized in 2022 or 2021.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Goodwill and Other Intangible Assets

Goodwill represents the excess of consideration transferred over the fair value of the tangible and intangible net assets acquired. Intangible assets are recorded at their fair value at the date of acquisition.

Under FASB ASC 350, Intangibles, Goodwill and Other (“ASC 350”), the Company does not amortize goodwill and determines if intangibles have a finite future life and should be amortized or an indefinite life not subject to amortization. Finite and indefinite lived intangibles are evaluated for impairment when current facts or circumstances indicate that the carrying value of the assets may not be recoverable and/or if there is a change in the useful life of the finite intangible. Amortization is recorded using the straight-line method over the following estimated useful lives of the asset:

Trade names	10 years to indefinite
Program materials	3 years
Internally developed software	3 years
Favorable lease	1-12 years
Unfavorable lease	3-9 years
Franchise agreements	1-20 years

Due to the adoption of ASC 842, favorable and unfavorable lease intangible assets and liabilities have been derecognized and are part of the ROU asset balances effective January 1, 2022.

In accordance with ASC 350, the Company evaluates goodwill for impairment whenever events or changes in circumstances indicate that the fair value of the entity may be below its carrying amount. When necessary, a goodwill impairment loss is measured as the amount by which the carrying amount of the Company, including goodwill, exceeds its fair value. Any goodwill impairment loss determined shall not exceed the carrying amount of goodwill.

The Company determined that there were no indications of impairment in 2022 or 2021 related to goodwill or other intangibles.

Income Taxes

The Company is a single member limited liability company that is disregarded for federal tax reporting purposes. The Company is included in a consolidated Federal tax return with Holdings. FII is a regarded corporate taxpayer. SMF, SMC, GTN, and NTG are all single member limited liability companies that are disregarded for federal tax reporting. The consolidated financial statements for the Company have been prepared as if the Company was a stand-alone taxpayer for the regarded corporate entity (FII) only.

Deferred tax assets and liabilities are determined based on differences between the financial reporting and income tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

The Company accounts for uncertain tax provisions using a two-step process. The Company first determines whether it is more likely than not that a tax position will be sustained upon examination. If a tax position meets the more likely than not threshold it is then measured to determine the amount of expense to record in the consolidated financial statements. The tax position is measured as the largest amount of expense with a greater than 50 percent likelihood of being realized upon ultimate settlement. Penalties and interest incurred are recognized in income tax expense.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Revenue Recognition

The Company's revenues consist of franchise sales including initial franchise and sub-franchise fees, franchise re-sale transfer fees, and renewal franchise fees, royalties based on a percent of franchisee sales, salon suite rental income, and other revenue including general contracting construction sales, and sales of equipment, services, supplies and inventory. Some franchises are master franchise arrangements with development rights across a defined territory or multiple territories. Typical agreements governing the franchise relationship range from 10 to 20 years in length, whereby the initial franchise and transfer fees are typically collected upon agreement execution and prior to the start of the Company's performance obligations.

The Company recognizes revenue in accordance with FASB ASC Topic 606 (which addresses revenue from contracts with customers) and Topic 842 (which addresses lease revenue with the adoption of ASC 842 as of January 1, 2022).

The Company has defined its distinct and non-distinct performance obligations required under the terms of the various contracts. For its franchise agreements, the Company believes that portions of certain Pre-Opening Services; the initial training, site selection and development services, benefit the Franchisee without its use of the license and are therefore considered distinct performance obligations separable from the franchise right. Performance obligations for initial training, site selection and development services are generally satisfied as of the opening date for a franchise center. To allocate the initial franchise and transfer fees to the associated performance obligations, the Company used an expected cost plus a margin approach to determine the amount of the initial franchise or transfer fee identified with the distinct portion of the initial training, site selection and development services. This total distinct amount is recognized upfront, and the remaining non-distinct portion of the total franchise fee is allocated to symbolic intellectual property and recognized over the agreement term starting from the opening date of the franchise center. Due to the immaterial nature of renewal franchise fees, they are recognized upon agreement execution. Certain franchise agreements may also include a financing component, but the Company has determined that the total interest amount related to these franchise agreements is immaterial to its consolidated financial statements

Royalties are generally based on a percent of franchisee sales differing by brand ranging from 2% to 8% and are recognized at the time the underlying franchisee's sales occur.

To secure new franchises, the Company uses its sales force, and in certain instances, third party brokers to obtain leads for new franchise arrangements. The costs for internal sales commissions and third-party broker fees are amortized over the agreement term of each respective contract starting from the opening date of the franchise center.

Balance sheet balances related to ASC 606 consists of the following on December 31:

	2022	2021
Deferred Revenue:		
Current deferred revenue	\$ 3,619,688	\$ 3,511,196
Non-current deferred revenue	9,831,490	11,448,858
Total deferred revenue	\$ 13,451,178	\$ 14,960,054

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Deferred Expense:		
Current deferred expense (included in prepaid expenses)	\$ 973,726	\$ 882,884
Non-current deferred expense (included in other assets)	2,255,600	2,105,312
Total deferred expense	\$ 3,229,326	\$ 2,988,196

Under ASC 842, Leases, the Company sublets compartmentalized spaces to non-related parties at a weekly rate for periods of generally one year (lessor). Lessor accounting in ASC 842 remains largely unchanged from ASC 840. These lessor transactions do not transfer ownership to the lessee and with lease terms substantially shorter than the life of the underlying asset, the Company continues to characterize these as operating leases under ASC 842. Therefore, there is no impact to revenue recognition of the lessor transactions at adoption. The Company continues to recognize rental income on a weekly basis over the life of the lease as collectability is probable.

Other revenue earned was \$5,952,703 and \$6,940,342 for the years ending December 31, 2022 and 2021, respectively. Other revenue is comprised of three major categories: franchisee new center openings which includes the sale of equipment and location finishings, vendor rebates, and other services related to opening a new franchise center; the sale of goods and services by all brands including the Company's NerdsToGo Corporate Store; and ongoing franchisee support services provided by the franchisor. Revenue earned for new center openings, sale of goods and services, and franchisee support was \$3,102,827, \$1,292,642, and \$1,557,234; and \$4,940,899, \$1,196,036, \$803,407, respectively for the years ending December 31, 2022 and 2021, respectively. Under ASC 606 the revenue is recognized when the goods or services are transferred to the customer for the total consideration anticipated to be received.

Equity-based Compensation

The Company accounts for equity-based compensation under FASB ASC Topic 718, *Compensation-Stock Compensation*. The Company recognizes all share-based payments to employees, including grants of employee stock options, as compensation expense based on their estimated fair values over the requisite service period, which is generally the vesting period of the awards. The Company currently estimates stock option forfeitures at the inception of the stock option agreement. The Company adjusts its estimates when the actual forfeitures are likely to change or differ from estimates. The Company estimates the fair value of each stock option award on the date of grant using the Black-Scholes option valuation model. The expected life of each award granted is determined using the average of the weighted-average vesting term and contractual term. Expected volatility is based on the historical volatility of similar entities whose share or option price is publicly available with a similar vesting and contractual term. The risk-free interest rate is based on the implied yield currently available on U.S. Treasury issues with terms approximately equal to the expected life of the option. The Company has never paid any cash dividends and, accordingly, the Company uses an expected dividend yield of zero.

Advertising Costs

The Company expenses the costs of advertising when incurred. Advertising expense was \$2,187,286 and \$932,561 for the years ended December 31, 2022 and 2021, respectively.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States (“US GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Contingencies

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

Fair Value of Financial Instruments

In accordance with FASB ASC 820 *Fair Value Measurements*, certain assets and liabilities are carried at fair value and are categorized based on the level of judgment associated with the inputs used to measure their fair value. The standard establishes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1—Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date for the duration of the instrument’s anticipated life.

Level 3—Inputs are unobservable and therefore reflect management’s best estimate of the assumptions that market participants would use in pricing the asset or liability.

The Company believes the carrying amounts of financial instruments as of December 31, 2022 and 2021 including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short maturities. The Company’s notes receivable bear interest at market rates and management does not believe there has been a change in the franchisees’ credit quality from the date of issuance. Thus, management believes their carrying amounts approximate fair value.

Recent Accounting Pronouncements Not Yet Adopted

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”. ASU 2016-13 amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. In November 2018, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, Financial Instruments – Credit Losses (“ASU 2018-19”), which clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. In April 2019, the FASB issued ASU No. 2019-04, Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments (“ASU 2019-04”), which clarifies the treatment of certain credit losses. In May 2019, the FASB issued ASU No. 2019-

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

~~05, Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief (“ASU 2019-05”), which provides an option to irrevocably elect to measure certain individual financial assets at fair value instead of amortized cost. In November 2019, the FASB issued ASU No. 2019-11, Codification Improvements to Topic 326, Financial Instruments - Credit Losses (“ASU 2019-11”), which provides guidance around how to report expected recoveries. ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 (collectively, “ASC 326”) are effective for fiscal years beginning after December 15, 2022, with early adoption permitted. The Company is currently evaluating the impact this guidance will have on its consolidated financial statements.~~

Recent Accounting Pronouncements Adopted

~~In January 2017, the FASB issued ASU 2017-04, “Intangibles—Goodwill and Other”, which simplifies the test for goodwill impairment by removing the second step of the two-step impairment test. An entity will no longer determine goodwill impairment by calculating the implied fair value of goodwill by assigning the fair value of a reporting unit to all of its assets and liabilities as if that reporting unit had been acquired in a business combination. Instead, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. All other goodwill impairment guidance will remain largely unchanged. For nonpublic entities, the standard is effective for annual periods beginning after December 15, 2022 with early application permitted for tests performed after January 1, 2017. The Company adopted this standard on January 1, 2021 and the adoption had no impact on the Company’s financial position or results of operations.~~

~~In December 2019, the FASB released ASU 2019-12, “Income Tax (Topic 740): Simplifying the Accounting for Income Taxes”, which affects general principles within Topic 740, Income Taxes. The amendments of ASU 2019-12 are meant to simplify and reduce the cost of accounting for income taxes. The FASB has stated that the ASU is being issued as part of its Simplification Initiative, which is meant to reduce complexity in accounting standards by improving certain areas of GAAP without compromising information provided to users of consolidated financial statements. The standard is effective for annual periods beginning after December 15, 2021 with early adoption permitted. The Company adopted this standard on January 1, 2022 and the adoption had no impact on the Company’s financial position.~~

~~The FASB previously issued six ASU’s related to leases. The ASUs issued were: (1) in February 2016, ASU 2016-02, “Leases (Topic 842)”, (2) in January 2018, ASU 2018-01, “Leases (Topic 842): Land Easement Practical Expedient for Transition to Topic 842”, (3) in July 2018, ASU 2018-10, “Codification Improvements to Topic 842, Leases”, (4) in July 2018, ASU 2018-11, “Targeted Improvements”, (5) in December 2018, ASU 2018-20, “Leases (Topic 842): Narrow Scope Improvements for Lessors” and (6) in March 2019, ASU 2019-01, “Leases (Topic 842): Codification Improvements.” ASU 2016-02 requires lessees to recognize most leases on the balance sheet as liabilities, with corresponding right-of-use assets. For income statement recognition purposes, leases will be classified as either a finance or operating lease in a manner similar to the requirements under the previous lease accounting literature, but without relying upon the bright-line tests. The amendments in ASU 2018-01 specify how land easements are within the scope of ASC 842 and permit a practical expedient to not assess whether expired or existing land easements that were not previously accounted for as leases are leases under ASC 842. The amendments in ASU 2018-10 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. The amendments in ASU 2018-11 provide an optional method for adopting the new leasing guidance and provide lessors with a practical expedient to combine lease and associated non-lease components by class of underlying asset in contracts that meet certain criteria. The amendments in ASU 2018-~~

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

~~20 provide an accounting policy election permitting lessors to treat certain sales and other similar taxes incurred as lessee costs, guidance on the treatment of certain lessor costs and guidance on recognizing variable payments for contracts with a lease and non-lease component. The amendments in ASU 2019-01 affect narrow aspects of the guidance issued in the amendments in ASU 2016-02. These ASUs are effective for annual periods in fiscal years beginning after December 15, 2021.~~

~~The Company adopted these ASUs in the annual reporting period ended December 31, 2022. The transitional guidance for adopting the requirements of ASU 2016-02 calls for a modified retrospective approach that includes a number of optional practical expedients that entities may elect to apply. In addition, ASU 2018-11 provides for an additional (and optional) transition method by which entities may elect to initially apply the transition requirements in Topic 842 at that Topic's effective date of January 1, 2022 with the effects of initially applying Topic 842 recognized as a cumulative effect adjustment to the opening balance of member's deficit in the period of adoption and without retrospective application to any comparative prior periods presented. The company elected certain additional practical expedients, including the package of transition practical expedients which does not require the Company to (i) reassess whether any expired or existing contracts are or contain leases, (ii) reassess the lease classification for any expired or existing leases, and (iii) reassess initial direct costs for any existing leases. The Company also elected to not separate lease and non-lease components when calculating the lease obligation and associated ROU asset for its equipment leases. The company made another election to use treasury bond rates with maturity dates that are closest to the life of the lease as the discount rate for calculating the present value of future cash flows. The Company also made an accounting policy election to exempt short-term leases of 12 months or less from balance sheet recognition requirements associated with the new standard; fixed rental payments for short-term leases will be recognized as a straight-line expense over the lease term.~~

~~As a result of the adoption of the leasing guidance, the consolidated balance sheet as of January 1, 2022 reflected \$41.7 million of operating and \$0.1 million of financing lease liabilities, along with corresponding right-of-use operating assets of \$42.4 million and right-of-use financing assets of \$0.1 million, reflecting adjustments for items such as deferred rent, prepaid rent, unamortized lease incentives, and unamortized favorable and unfavorable lease intangibles.~~

~~3. Related Party Transactions~~

~~The Company performs certain bookkeeping and administrative services for and allocates facility and supply resources to an advertising cooperative. Amounts reimbursed at cost related to these services were \$1,043,579 and \$944,363 in 2022 and 2021, respectively. For 2022 and 2021, the Company earned royalty revenue of 6% of the advertising cooperative's sales to parties other than FASTSIGNS franchises. Royalty revenue earned from the cooperative under the National Accounts was \$971,709 and \$644,458 in 2022 and 2021, respectively. This advertising cooperative is for the sole benefit of the FASTSIGNS franchisees. Accounts receivable from the advertising cooperative and national accounts were \$410,425 and \$844,519 at December 31, 2022 and 2021, respectively. See Note 10—Receivable from Parent Company for additional related party disclosure.~~

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

4. Fixed Assets

Fixed assets consist of the following at December 31:

	2022	2021
Furniture, equipment and internally developed software	\$ 5,569,044	\$ 5,791,504
Leasehold improvements	8,058,589	7,523,823
Total fixed assets	13,627,633	13,315,327
Less: accumulated depreciation	(3,630,800)	(4,443,979)
Fixed assets, net	\$ 9,996,833	\$ 8,871,348

The furniture, equipment and developed software have an expected life of three to five years, and leasehold improvements are amortized over the shorter of the life of the lease or the useful life of the assets. Depreciation expense was \$1,957,467 and \$1,133,232 for the years ended December 31, 2022 and 2021, respectively.

5. Leases

The Company primarily leases commercial retail space associated with its MY SALON Suite and Salon Plaza brands and subleases compartmentalized suites to beauty professionals at a weekly rate for periods of generally one year. The lessee arrangements account for the significant portion of the lease liabilities and right-of-use assets on the consolidated balance sheet. The lessor arrangements and the applicable accounting guidance are more fully explained in this report under *Revenue Recognition*.

The base terms for most of our lease arrangements typically do not extend beyond 10 years. We commonly have renewal options in our leases in 5-year increments that are generally included in the calculated lease liabilities and associated right-of-use assets. All of the renewal options considered for future lease liabilities are associated with the MY SALON Suite and Salon Plaza brands, which can have significant construction costs due to their highly compartmentalized footprint with generally semi-permanent fixtures that are not easily moved into a new space. Due to these factors, it is almost always more economically feasible to stay in the leased space and make cosmetic updates versus moving to a new space.

As an accounting policy election, any short-term leases with an initial term of 12 months or less are not recognized as lease liabilities and right-of-use assets in the consolidated balance sheets. The rent expense associated with short-term leases is generally recognized on a straight-line basis over the lease term. The company is also electing the practical expedient to not separate lease components from non-lease components for all of its equipment leases and therefore the non-lease components are factored into the calculation of lease liabilities and associated right-of-use assets. The company is choosing to separate lease and non-lease components for all its building leases, and the associated non-lease components, such as Common Area Maintenance and Real Estate Taxes, are expensed as incurred.

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

Due to the implicit rate not being readily available or determined in most leases, the company has elected the practical expedient for all lease payments to be discounted at a risk-free rate based on the treasury bond rates with maturity dates that most closely match the remainder of the lease either at adoption or commencement if post-adoption.

Finance leases with a right-of-use asset value of \$36,360 and a current portion lease liability value of \$31,525 are included in the values reported on the Consolidated Balance Sheet as of December 31, 2022.

Supplemental balance sheet information related to leases as of December 31, 2022 is as follows:

Weighted Average Remaining Lease Term (Years)

Operating leases	13 years
Finance leases	1 year

Weighted Average Discount Rate

Operating leases	1.9%
Finance leases	0.8%

The components of lease costs are as follows:

Operating lease cost		\$ 4,422,097
Finance lease cost:		
Amortization of right-of-use assets		\$ 48,480
Interest on lease liabilities		496
Total finance lease costs		\$ 48,976

Operating lease costs are recorded in selling, general, and administrative costs and expenses on the Consolidated Statements of Income. For financing leases, the amortization of right-of-use assets are recorded in depreciation and amortization expense, and interest on lease liabilities are netted with interest income on the Consolidated Statements of Income. Total operating lease cash payments of \$4,410,805 and \$2,582,996 were made in 2022 and 2021, respectively.

Maturities of lease liabilities by fiscal year as of December 31, 2022 are as follows:

Years ending December 31:	Operating Leases	Financing Leases
2023	\$ 3,719,792	\$ 31,647
2024	4,320,931	-
2025	4,148,916	-
2026	4,162,576	-
2027	4,013,157	-
Thereafter	30,589,799	-
Total remaining lease payments at December 31, 2022		\$ 50,955,171
Less: portion representing imputed interest	(6,731,752)	(122)
Present value of lease liabilities at December 31, 2022		\$ 44,223,419

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

As previously disclosed in the Company's 2021 Audited Financial Statements and under the previous lease accounting, the minimum lease payments required under operating leases were as follows as of December 31, 2021:

Years ending December 31:	
2022	\$ 4,268,294
2023	3,786,475
2024	3,533,483
2025	3,050,370
2026	2,744,689
Thereafter	7,689,334
Total future minimum payments	\$ 25,072,645

The Company evaluated its leasing transactions during adoption of ASC 842 and concluded that option periods associated with its operating leases in the MY SALON Suite and Salon Plaza brands were reasonably certain to be exercised due to several factors previously mentioned. Prior to adoption, the Company did not include option periods when disclosing future lease obligations, which explains the large difference between future obligations reported as of December 31, 2021 compared to December 31, 2022.

6. Other Intangibles and Goodwill

Other Intangibles

Other intangibles consist of the following at December 31, 2022:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,860,614)	\$ 239,386
Trade name (indefinite-lived)	71,400,000	-	71,400,000
Trade name	13,640,000	(2,177,114)	11,462,886
Internally developed software	490,000	(247,723)	242,277
Market franchise agreements	810,762	(314,140)	496,622
Total	\$ 88,440,762	\$ (4,599,591)	\$ 83,841,171

Due to the adoption of ASC 842, favorable and unfavorable lease intangible assets and liabilities have been derecognized and are part of the ROU asset balances effective January 1, 2022.

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

Other intangibles consist of the following at December 31, 2021:

	Gross Carrying Amount	Accumulated Amortization	Net
Program materials	\$ 2,100,000	\$ (1,501,090)	\$ 598,910
Trade name (<i>indefinite-lived</i>)	71,400,000	-	71,400,000
Trade name	13,660,000	(813,806)	12,846,194
Internally developed software	490,000	(84,389)	405,611
Favorable lease	2,489,584	(500,286)	1,989,298
Unfavorable lease	(569,926)	54,326	(515,600)
Market franchise agreements	810,762	(115,721)	695,041
Total	\$ 90,380,420	\$ (2,960,966)	\$ 87,419,454

Amortization expense was \$2,086,290 and \$2,082,119 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense for finite-lived intangibles for the subsequent five years and thereafter is as follows:

Years ending December 31,

2023	\$ 1,930,035
2024	1,677,149
2025	1,464,126
2026	1,364,342
2027	1,364,342
Thereafter	4,641,178
Total	\$ 12,441,172

Goodwill

The changes in the carrying amount of goodwill as of December 31, 2022 and 2021 are as follows:

	2022	2021
Balance at beginning of year	\$ 296,824,386	\$ 228,741,548
Effect of Reorganization Transaction	-	67,975,068
Goodwill recorded from acquisitions	72,864	107,770
Balance at end of year	\$ 296,897,247	\$ 296,824,386

Propelled Brands Franchising, LLC and Subsidiaries

Notes to Consolidated Financial Statements

7. Accrued Liabilities

Accrued liabilities consist of the following at December 31:

	2022	2021
Employee benefits and compensation	\$ 2,032,793	\$ 2,235,730
Accrued payables to franchisees	1,892,352	1,824,637
Event related accruals	1,271,359	756,166
Customer deposits	965,028	724,859
Other	1,618,360	754,637
Total accrued liabilities	\$ 7,779,892	\$ 6,296,029

8. Commitments and Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in FASB ASC Topic 450, *Contingencies*. Accordingly, no liabilities have been accrued for these matters at December 31, 2022 and 2021. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

9. Income Taxes

The expense (benefit) for income taxes consists of the following for the years ended December 31:

	2022	2021
Current:		
Federal	\$ 4,819,044	\$ 4,430,952
State	410,927	1,410,044
Foreign	221,329	208,334
Total current	5,451,300	6,049,330
Deferred:		
Federal	(425,487)	(113,373)
State	(100,699)	(26,840)
Total deferred	(526,186)	(140,213)
Income tax expense	\$ 4,925,114	\$ 5,909,117

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

The tax effect of temporary differences that gave rise to deferred tax assets and liabilities consist of the following as of December 31:

	2022	2021
Deferred tax assets		
Allowance for doubtful accounts	\$ 195,298	\$ 138,603
Accrued compensation	374,196	399,321
Share-based compensation	653,599	453,702
Accrued professional fees	39,850	43,502
Deferred rent	-	46,768
Deferred revenue	697,767	345,537
ASC 842 lease liability	432,842	-
ASC 606 adjustments	237,417	259,466
Total deferred tax assets	2,630,969	1,656,899
Deferred tax liabilities:		
Sign Me Up Goodwill	-	7,814
Intangible assets	(18,646,677)	(18,789,516)
Prepaid expenses	(14,125)	(8,394)
ASC 842 Right of Use Asset	(438,823)	-
Depreciation	(569,303)	(430,950)
Total deferred tax liabilities	(19,668,928)	(19,221,046)
Net deferred tax assets	\$ (17,037,959)	\$ (17,564,147)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before taxes primarily due to state tax obligations, permanently non-deductible expenses, provision for uncertain tax positions and true ups to prior period estimates. The Company files income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. As of December 31, 2022, and 2021, the Company has accrued approximately \$1,058,000, and \$895,000, respectively, to reserve for uncertain tax positions. As of December 31, 2022, and 2021, the reserve for uncertain tax positions is inclusive of penalties and interest of approximately \$496,000 and \$415,000, respectively.

~~10. Receivable From Parent Company~~

The receivable from the parent company is unsecured, bears no interest and is due on demand. The receivable is presented as a component of additional paid in capital on the Consolidated Statement of Members Equity. The increase in net receivable from parent company as of December 31, 2022 and 2021 was \$11,618,027, and \$19,984,602, respectively.

~~11. Share-Based Compensation~~

In 2019, the Company created share-based payment plan (“2019 Stock Option Plan”) established August 1, 2019, for the benefit of employees of the Company. The Company originally allotted a total of 23,281 shares to be issued under the 2019 Stock Option Plan and increased the allotment by 2,741 shares in 2021. Option grants have a contractual life of ten years, subject to certain conditions, and typically vest over 5 years with half based upon service and half based upon financial thresholds. 20% of the service-based options typically vest each year over a five-year period, and the financial performance-based options are subject to vesting upon a change of control.

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

Information with respect to options under these plans is as follows:

	Outstanding	Weighted Average Exercise
	Options	Price
Total options outstanding, December 31, 2020	20,811	\$ 1,000.00
Options vested and exercisable, December 31, 2020	1,930	1,000.00
Issued	-	-
Exercised	-	-
Forfeited	232	1,000.00
Total options outstanding, December 31, 2021	20,579	\$ 1,000.00
Options vested and exercisable, December 31, 2021	3,913	1,000.00
Issued	4,147	1,000.00
Exercised	-	-
Forfeited	2,114	-
Total options outstanding, December 31, 2022	22,612	\$ 1,169.50
Options vested and exercisable, December 31, 2022	6,305	1,000.00

The weighted-average exercise price and average remaining contractual life of the 22,612 options outstanding at December 31, 2022 was \$1,169.50 and 7.1 years. The weighted-average exercise price and average remaining contractual life of the 20,579 options outstanding at December 31, 2021 was \$1,000.00 and 7.6 years. As of December 31, 2022, 6,305 options were vested and at December 31, 2021, 3,913 options were vested.

The estimated fair value of options is amortized to compensation expense on the straight-line basis over the options' vesting period. The compensation cost for share-based employee compensation was \$955,911 and \$737,560 for the years ended December 31, 2022 and 2021, respectively.

Expected amortization for the subsequent years ending December 31 is as follows:

Years ending December 31,	
2023	\$ 1,000,169
2024	747,372
2025	350,632
2026	340,077
2027	112,852
Total amortization	\$ 2,551,102

~~Propelled Brands Franchising, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

~~12. Employee Benefit Plan~~

~~FII has a defined contribution plan structured under Section 401(k) of the Internal Revenue Code. Under the plan, contributions are made by eligible employees. The employees can elect to contribute up to 20% of their salary or \$20,500 in 2022 and \$19,500 in 2021. FII matches 25% of the first 6% of contributions in the amount of \$208,357 in 2022 and \$145,027 in 2021. The Company match is discretionary and was temporarily discontinued between April 3, 2020 and March 1, 2021.~~

~~The Company currently offers no other postretirement or postemployment benefits to its employees.~~

~~13. Subsequent Events~~

~~The Company evaluated subsequent events through April 28, 2022, the date the consolidated financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements.~~

GUARANTEE OF PERFORMANCE

For value received, Propelled Brands Franchising, LLC, a Delaware limited liability company (the "Guarantor"), located at 2542 Highlander Way, Carrollton, Texas 75006, absolutely and unconditionally guarantees to assume the duties and obligations of GTN Capital Group, LLC, a Connecticut corporation, located at 2542 Highlander Way, Carrollton, TX 75006, (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 the 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.

2025. The Guarantor signs this guarantee at Carrollton, Texas, on the 29th day of April

Guarantor:

**Propelled Brands Franchising, LLC,
a Delaware limited liability company**

By: Jennifer Rote
Name: Jennifer Rote
Title: General Counsel

EXHIBIT L

FORM OF GENERAL RELEASE

[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]

This General Release (“**Release**”) is executed by the undersigned (“**Releasor**”) in favor of GTN Capital Group LLC, a Connecticut limited liability company (“**GTN**”).

Background Statement: *[describe circumstances of Release]* Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “**Releasing Parties**”)) hereby releases GTN, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “**Released Parties**”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “**Claims**”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants 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 Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that GTN reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject matter hereof.

5. State Addenda.

[Maryland Residents]: This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

[Washington Residents]: A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the franchise agreement is in effect and where the parties are represented by independent counsel.

Agreed to by:

Name: _____

Date: _____

EXHIBIT M
STATE ADDENDA TO FRANCHISE AGREEMENT AND CO-BRAND FRANCHISE
AGREEMENT

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA**

This Rider (the “Rider”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (“Franchise Agreement”), by and between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and _____, a _____ (“Franchisee”).

This Rider pertains to franchises sold in the State of California and is for the purpose of complying with California statutes and regulations. Notwithstanding anything that may be contained in the body of the Agreement to the contrary, the Franchise Agreement is amended as follows:

1. The Franchise Agreement contains a covenant not to compete which extends beyond the term of the franchise. This provision may not be enforceable under California law.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Section 101 and following).
3. The Franchise Agreement requires application of the laws of the State of Texas. This may not be enforceable in the State of California.
4. The Franchise Agreement requires you to sign a general release of claims if Franchisee renews or transfers Franchisee’s franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 3100 through 31516). The Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
5. California Business and Professions Code Sections 20000 through 20043, the California Franchise Relations Act, provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
8. In all other respects, the Franchise Agreement will be construed and enforced according to its terms.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read and understands the contents of this Rider, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Rider and be bound thereby. The parties have duly executed and delivered this Rider to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR USE IN HAWAII**

This Rider (the “Rider”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and _____, a _____ (“Franchisee”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of Hawaii and the Franchised Business will be located in Hawaii, and/or (b) you are a resident of Hawaii.

2. The following language is added to the end of the Franchise Agreement:

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on 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. **No Waiver of Disclaimer of Reliance.** 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (the “Rider”) is made and entered into as of the Effective Date as stated in the Franchise Agreement (defined below), by and between GTN Capital Group LLC, a Connecticut limited liability company (“GTN”) and _____, a _____ (“Franchisee”).

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Rider (the “**Franchise Agreement**”). This Rider is part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of Illinois and the Franchised Business will be located in Illinois, and/or (b) you are a resident of Illinois.

2. The following language is added to the end of the Franchise Agreement:

The provisions of the Franchise Agreement concerning governing law, jurisdiction, venue and choice of law will not constitute a waiver of any right conferred upon Franchisee by the Illinois Franchise Disclosure Act. However, a Franchise Agreement may provide for arbitration outside of Illinois.

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

3. **No Waiver of Disclaimer of Reliance.** 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND**

The GTN Capital Group, LLC Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and GTN Capital Group, LLC (“**Franchisor**”) (“**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”) as of the date signed by us and set forth opposite our signature on this Amendment:

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Any representations requiring Franchisee to assent to a release, estoppels or waiver of any liability are not intended to nor shall they act as a release, estoppels or waiver of any liability incurred under the Maryland Franchise and Disclosure Law.
- b. Franchisee may bring an arbitration action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.
- c. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
- d. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

2. Pursuant to an order from the Maryland Office of the Attorney General, we have posted a surety bond, and the surety bond is on file with the Maryland Securities Division.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, are satisfied with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

4. No Waiver of Disclaimer of Reliance. 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (the “Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (the “Amendment”):

MINNESOTA LAW MODIFICATIONS

1. The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. Franchisor will protect franchisees against liability to third parties resulting from claims by third parties that the Franchisee’s use of the Proprietary Marks infringes trademark rights of the third party. Franchisor does not indemnify against the consequences of Franchisee’s use of the Proprietary Marks except in accordance with the requirements of the Agreement, and, as a condition to indemnification, Franchisee must provide notice to Franchisor of any such claim within ten (10) days after the earlier of (i) actual notice of the claim or (ii) receipt of written notice of the claim and must therein tender the defense of the claim to Franchisor. If Franchisor accepts the tender of defense, Franchisor has the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim. If the Agreement contains a provision that is inconsistent with the Franchise Act, the provisions of the Agreement shall be superseded by the Act’s requirements and shall have no force or effect.
- b. Minnesota law provides franchisees with certain termination and non-renewal rights. Minnesota Statutes, Section 80C.14, subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement.

- c. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Franchise Act, such release shall exclude claims arising under the Franchise Act, and such acknowledgments shall be void with respect to claims under the Act.
- d. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit the Franchisor, except in certain specified cases, 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 disclosure document or agreement(s) can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes 1984, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.
- e. The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state "No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues."

2. Each provision of this Franchise Agreement shall be effective only to the extent that the jurisdictional requirements of the Minnesota law applicable to the provision are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No Waiver of Disclaimer of Reliance. 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP,
LLC FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

1. **Background.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Franchised Business in New York.

2. **Releases.** The following language is added to the end of Sections 15.2 (viii) and 3.2 of the Franchise Agreement:

However, that to the extent required by Article 33 of the General Business Law of the State of New York, 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 the proviso that the non-waiver provisions of GBL 687 and 687.5 are satisfied.

3. **Transfer by Us.** The following language is added to the end of Section 15.1 of the Franchise Agreement:

However, to the extent required by applicable law, no assignment will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

4. **Termination by You.** The following language is added to the end of Section 14 of the Franchise Agreement:

You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **Governing Law and Consent to Jurisdiction.** The following language is added to the end of Sections 17.5 and 18.7 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

6. **Limitation of Claims.** The following language is added to the end of Section 17.4 of the Franchise Agreement:

However, to the extent required by Article 33 of the General Business Law of the State of New York, all rights 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 provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

7. **No Waiver of Disclaimer of Reliance.** 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Franchise Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP, LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA**

The GTN Capital Group, LLC Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and GTN Capital Group, LLC (“**Franchisor**”) (“**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “**Amendment**”) as of the date signed by us and set forth opposite our signature on this Amendment:

NORTH DAKOTA LAW MODIFICATIONS

1. The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchises Investment Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17 (1993). To the extent that this Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Law, or a rule or order under the Law, such release shall exclude claims arising under North Dakota Law, and such acknowledgments shall be void with respect to claims under the Law.
- b. Covenants not to compete during the term of and upon termination or expiration of the Agreement are enforceable only under certain conditions according to North Dakota Law. If this Agreement contains a covenant not to compete which is inconsistent with North Dakota Law, the covenant may be unenforceable.
- c. If the Agreement requires litigation to be conducted in a forum other than the State of North Dakota, the requirement is void with respect to claims under North Dakota Law.
- d. If the Agreement requires that it be governed by a state’s law, other than the State of North Dakota, to the extent that such law conflicts with North Dakota Law, North Dakota Law will control.
- e. If the Agreement requires mediation or arbitration to be conducted in a forum other than the State of North Dakota, the requirement may be unenforceable under the North Dakota Franchise Investment Law.

Arbitration involving a franchise purchased in the State of North Dakota must be held either in a location mutually agreed upon prior to the arbitration or if the parties cannot agree on a location, the Co-Brand Franchised Business will be determined by the arbitrator.

- f. If the Agreement requires payment of a termination penalty, the requirement may be unenforceable under North Dakota Law.
- g. If required by the North Dakota Franchise Investment Law, Section 18.7 of the Agreement, Dispute Resolution, shall be deleted in its entirety.
- h. Section 17.4 of the Agreement, Limitation of Claims, shall have the sentence “The statute of limitations under North Dakota law applies.” added to the end of the section as if it were an original part of the Agreement.

2. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. No Waiver of Disclaimer of Reliance. 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 any 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 Franchisee acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

**AMENDMENT TO GTN CAPITAL GROUP
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON**

The GTN Capital Group, LLC Franchise Agreement between _____ (“Franchisee” or “You”) and GTN Capital Group, LLC (“Franchisor”) (“Agreement”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”) as of the date signed by us and set forth opposite our signature on this Amendment:

1. **Background.** Franchisor and you are parties to that certain Agreement that has been signed at the same time as the signing of this Rider (the “Agreement”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being signed because (a) the Franchised Business that you will operate under the Agreement will be located in Washington; and/or (b) you are a resident of Washington; and/or (c) any of the offering or sales activity relating to the Agreement occurred in Washington.

2. **Addition of Paragraphs.** The following is added to the end of the Agreement:

~~In recognition of the requirements by the Washington Franchise Investment Protection Act and the Rules and Regulations promulgated thereunder (the “Act”), the Agreement shall be modified as follows:~~

~~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.~~

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.

Franchisee Bill of Rights. RCW 19.100.180 may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of Franchisee’s Agreement. There may also be court decisions which may supersede the Agreement in your relationship with the Franchisor including the areas of termination and renewal of Franchisee’s Agreement.

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 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.

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). ~~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.~~

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

Transfer Fees. Transfer fees are collectible to the extent that they reflect the Franchisor's reasonable estimated or actual costs in effecting a transfer.

Termination by Franchisee. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

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.

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).

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).

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.

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.

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.

Noncompetition Covenants. Pursuant to RCW 49.62.020, a non-competition 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 non-competition 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 Agreement or elsewhere that conflict with these limitations is void and unenforceable in Washington.

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 Agreement or elsewhere are void and unenforceable in Washington.

Questionnaires and Acknowledgments. No Waiver of Disclaimer of Reliance. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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).

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.

IN WITNESS WHEREOF, the Franchisee acknowledges that it has read, and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

AMENDMENT TO GTN CAPITAL GROUP LLC FRANCHISE AGREEMENT
FOR USE IN INDIANA, MICHIGAN, SOUTH DAKOTA, RHODE ISLAND, VIRGINIA
AND WISCONSIN

The NerdsToGo Franchise Agreement between _____ (“**Franchisee**” or “**You**”) and GTN CAPITAL GROUP LLC (“**Franchisor**”) dated (the “**Agreement**”) shall be amended by the addition of the following language, which shall be considered an integral part of the Agreement as of the date signed by us and set forth opposite our signature on this Amendment (“**Amendment**”):

1. **Background.** Franchisor and Franchisee are parties to that certain Franchise Agreement that has been signed at the same time as the signing of this Amendment (the “**Franchise Agreement**”). This Amendment is part of the Franchise Agreement.

2. **No Waiver of Disclaimer of Reliance.** 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 any 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 Franchisee acknowledges that it has read, and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound thereby. The parties have duly executed and delivered this Amendment to the Agreement on the dates noted below, to be effective as of the Effective Date.

FRANCHISEE:

By: _____
Name: _____
Title: _____
Date: _____

FRANCHISOR:

GTN CAPITAL GROUP LLC

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT N TO THE FRANCHISE DISCLOSURE DOCUMENT
STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or are exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, 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	September 9, 2024
Hawaii	July 3, 2024
Illinois	Pending
Indiana	May 3, 2024
Maryland	Pending
Michigan	May 1, 2024
Minnesota	July 1, 2024
New York	September 25, 2024
North Dakota	June 17, 2024
Rhode Island	May 6, 2024
South Dakota	April 30, 2024
Virginia	July 9, 2024
Washington	Pending
Wisconsin	May 1, 2024

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.

EXHIBIT O RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If GTN offers you a franchise, under the Federal Trade Commission Franchise Rule, we must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give this franchise 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.

Rhode Island requires that we give this franchise disclosure document at the earlier of the first personal meeting or 10 business days before signing a binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before signing a binding agreement or the payment of any consideration, whichever occurs first.

If GTN does not deliver this franchise disclosure document on-time or if it contains a false or misleading statement, or 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 your state agency identified on **Exhibit A**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Mark Jameson, Scott Krupa and ~~_____~~ Jim Howe, GTN Capital Group, LLC, Inc., 2542 Highlander Way, Carrollton, Texas 75006, (214) 346-5600.

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

I received a disclosure document dated ~~May 1, 2024~~, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Conversion Addendum
- D. Co-Brand Franchise Agreement
- E. Information about Area Representatives
- F. Franchise Fee Acknowledgement
- G. Conversion/Co-Brand Promissory Note (Direct Financing)
- H. Operating Manual Table of Contents
- I. State Addenda to Disclosure Document
- J. Current and Former Franchisee
- K. Financial Statements
- K-1 Guaranty of Performance
- L. Form of General Release
- M. State Addenda to Franchise Agreement and Co-Brand Franchise Agreement
- N. State Effective Dates
- O. Receipt

Signature: _____

Print Name: _____

Date Received: _____

Keep This Copy for Your Records

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If GTN offers you a franchise, under the Federal Trade Commission Franchise Rule, we must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give this franchise 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.

Rhode Island requires that we give this franchise disclosure document at the earlier of the first personal meeting or 10 business days before signing a binding agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before signing a binding agreement or the payment of any consideration, whichever occurs first.

If GTN does not deliver this franchise disclosure document on-time or if it contains a false or misleading statement, or 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 your state agency identified on **Exhibit A**.

The name, principal business address and telephone number of each franchise seller offering the franchise: Mark Jameson, Scott Krupa and Jim Howe, GTN Capital Group, LLC, Inc., 2542 Highlander Way, Carrollton, Texas 75006, (214) 346-5600.

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

I received a disclosure document dated, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement
- C. Conversion Addendum
- D. Co-Brand Franchise Agreement
- E. Information about Area Representatives
- F. Franchise Fee Acknowledgement
- G. Conversion/Co-Brand Promissory Note (Direct Financing)
- H. Operating Manual Table of Contents
- I. State Addenda to Disclosure Document
- J. Current and Former Franchisee
- K. Financial Statements
- K-1 Guaranty of Performance
- L. Form of General Release
- M. State Addenda to Franchise Agreement and Co-Brand Franchise Agreement
- N. State Effective Dates
- O. Receipt

Signature: _____
 Print Name: _____
 Date Received: _____

Return this copy to us.
GTN Capital Group LLC, Scott Krupa, Vice President of Franchise Development,
2542 Highlander Way, Carrollton, TX 75006