

FRANCHISE DISCLOSURE DOCUMENT



U.S. LAWNS, INC.
A Florida Corporation
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U.S. LAWNS franchisees will operate a business to provide landscape maintenance and related services to commercial and residential customers.

The total investment necessary to begin operation of a U.S. LAWNS Standard Franchise ~~as an owner-operator is \$95,100 to \$163,500. The total investment necessary to begin operation of a U.S. LAWNS Standard Franchise with a manager operator is \$137,500 to \$217,500. These totals include \$54113,000 to \$59200,000. This includes \$49,000 to \$53,000 that must be paid to us or our affiliates.~~ -The total investment necessary to begin operation of a U.S. LAWNS Conversion Franchise is ~~\$72,000~~71,500 to ~~\$158,500~~150,000. This includes ~~\$4439,000 to \$5443,000~~ that must be paid to us or our affiliates.

~~If you are an existing franchisee and meet our then current criteria, you are eligible to enter into an Area Development Agreement with us to develop between one and three U.S. LAWNS Landscape Businesses. The total investment necessary to enter into an Area Development Agreement is \$15,250 to \$83,250. This includes \$12,250 to \$77,250 that 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 in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Pam Dolan at the above address and telephone number.

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

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

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

Issuance Date: ~~January 18, 2024, as Amended January 27~~April 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 DC .
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A 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 U.S. LAWNS business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a U.S. LAWNS franchisee?	Item 20 or Exhibit DC 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 [ED](#).

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement ~~and the area development agreement require~~requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.
2. **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. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate the business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
4. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
5. **Mandatory Minimum Payments.** You must make minimum royalty 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.

**NOTICE REQUIRED
BY
STATE OF 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.

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

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

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(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 constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

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EXHIBITS

- A. FINANCIAL STATEMENTS
- B. FRANCHISE AGREEMENT (INCLUDING SCHEDULES, PERSONAL GUARANTEE AND ACKNOWLEDGEMENT ADDENDUM)
- ~~C. AREA DEVELOPMENT AGREEMENT~~
- ~~D.~~ LIST OF CURRENT AND FORMER FRANCHISEES
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “U.S. Lawns” or “we” mean U.S. Lawns, Inc., the franchisor. “You” means the franchisee or the person or business entity that buys the franchise. We conduct business under the name U.S. Lawns and maintain our principal place of business at 6700 Forum Drive, Suite 150, Orlando, FL 32821. We do not have any predecessors. Our agents for service of process are identified in Exhibit ~~ED~~.

The Franchisor, Parents, Predecessors, and Affiliates

We were incorporated in Florida on August 26, 1986, and have been offering franchises for landscape maintenance since 1986. We have not in the past and, as of the date of this Disclosure Document, do not plan in the future to sell franchises in any other lines of business. We have not operated any other type of business.

On January 12, 2024, Clintar, Inc. acquired 100% of the issued and outstanding shares of U.S. Lawns, Inc. As a result of this transaction, our parent is Clintar, Inc. (d/b/a EverSmith Brands) (“EverSmith Brands”), a Delaware corporation formed on July 2, 2021, with an address at 6700 Forum Drive, Suite 150, Orlando, FL 32821. EverSmith Brands’ parent is EverSmith Brands Intermediate Holding Company (f/k/a Clintar Intermediate Holding Company), a Delaware corporation formed on November 25, 2020, and EverSmith Brands Holding Company (f/k/a Clintar Holding Company), a Delaware corporation formed on November 25, 2020, each with an address of 6700 Forum Drive, Suite 150, Orlando, FL 32821. EverSmith Brands Holding Company (f/k/a Clintar Holding Company) is directly or indirectly controlled by Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. which are ~~part of managed by~~ The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

Our affiliate milliCare, Inc. is a Delaware Corporation formed on September 17, 2021, with its principal business address at 6700 Forum Drive, Suite 150, Orlando, FL 32821, whose predecessor offered milliCare Floor & Textile Care franchises from January 2011 until December 2021. Our affiliate, and milliCare, Inc.’s subsidiary, is milliCare Franchising, LLC, which is a Delaware limited liability company formed on January 31, 2022, with its principal business address at 6700 Forum Drive, Orlando, FL 32821 which has offered milliCare Floor & Textile Care franchises since March 2022. milliCare Floor & Textile Care franchised businesses offer cleaning and maintenance of floor coverings and interior finishes and related services. As of December 31, ~~2023~~2024, there were ~~5456~~ milliCare Floor & Textile Care franchises operating in the United States.

Our affiliate Restoration Specialties Franchise Group, LLC is a Michigan limited liability company formed on March 23, 2012, with its principal business address at ~~12001 Levan Road, Livonia, MI 48150~~6700 Forum Drive, Suite 150, Orlando, FL 32821, offers restoration service franchises under the mark “Prism SpecialtiesSM.” As of December 31, ~~2023~~2024, there were ~~10493~~ Prism Specialties franchises operating in the United States.

Our affiliate Kitchen Guard Franchising, Inc. is a Delaware corporation formed on June 23, 2023, with its principal business address at 6700 Forum Drive, Suite 150, Orlando, FL 32821, and began offering franchises in August 2023. A Kitchen Guard franchised business offers commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of December 31, ~~2023~~2024, there were ~~n~~five Kitchen Guard franchises operating in the United States.

Our affiliate TruServ Groundscare, Inc. is an Ontario corporation with an address at ~~200 Cachet Wood Court, Unit 119, Markham, ON, Canada L6C 0Z8~~, 6700 Forum Drive, Suite 150, Orlando, FL 32821, and it offers outdoor service franchises under the “Clintar” mark in Canada featuring landscape design and grounds maintenance. As of December 31, ~~2024~~2023, there are ~~2523~~ franchised Clintar businesses operating in Canada.

Our affiliate The Seals Franchising, LLC is a North Carolina limited liability company formed in August 2019 with its principal business address at 6700 Forum Drive, Suite 150, Orlando, FL 32821. A The Seals franchise offers the sale and installation of gaskets for refrigeration door units, freezer doors, oven doors, hardware and cutting board. As of December 31, 2024, there were four franchised The Seals businesses operating in the United States.

The Company’s agents for service of process are set forth in Exhibit ~~ED~~.

Through various private equity funds managed by The Riverside Company the following portfolio companies of The Riverside Company offer franchises in the United States:

Evive Brands

Executive Home Care Franchising, LLC (“Executive Care”) has offered franchises under the mark “Executive Home Care” since June 2013. Executive Home Care’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Executive Home Care franchise offers in-home comprehensive care and medical services to home care clients, and supplemental healthcare staffing services to institutional clients. As of December 31, ~~2024~~2023, Executive Care had ~~2422~~ franchises operating in the United States.

B & P Burke, LLC (“B&P”) has offered franchises under the mark “Grasons” since May 2014. B&P’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. A Grasons franchise offers estate sale and business liquidation services. As of December 31, ~~2024~~2023, B&P had ~~3461~~ franchises operating in the United States.

ALL Franchising, LLC (“ALL”) and its predecessors have offered franchises under the mark “Assisted Living Locators” since May 2006. ALL’s principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 85251. An Assisted Living Locators franchise assist seniors and their families in locating assisted living facilities, memory care communities, nursing homes, senior care homes and independent living senior communities. As of December 31, ~~2024~~2023, ALL had ~~134162~~ franchises operating in the United States.

Brothers Parsons Franchising LLC (“Brothers”) and its predecessor have offered franchises under the mark “The Brothers that just do Gutters” since July 2015. Brothers’ principal business address is 8100 E. Indian School Road, Suite 201, Scottsdale, AZ 8525. A “The Brothers that just do Gutters” franchise provides gutter installation, maintenance, cleaning, repair, and related services and products. As of December 31, ~~2024~~2023, Brothers had ~~93355~~ franchises operating in the United States.

Head-to-Toe Brands

BCC Franchising, LLC (“BCC”) and its predecessor have offered franchises since March 2007 under the mark “Bishops”. BCC’s principal business address is Terminal Tower 50 Public Square, 29th Floor Cleveland, OH 44113. A Bishops franchise offers haircuts, coloring, and barber services. As of December 31, ~~2024~~2023, BCC had 40 franchises operating in the United States.

Frenchies, LLC (“Frenchies”) has offered franchises under the mark “Frenchies Modern Nail Care” since April 2015. Frenchies’ principal business address is 2679 West Main, #363, Littleton, CO 80120. A Frenchies Modern Nail Care franchise offers hand and foot care. As of December 31, ~~2024~~2023, Frenchies had ~~2223~~ franchisees operating in the United States.

The Lash Franchise Holdings, LLC (“Lash”) and its predecessor has offered franchises under the mark “Lash Lounge” since March 2010. Lash’s principal business address is 4370 Varsity Drive, Suite G, Ann Arbor, MI 48108. A Lash Lounge franchise offers permanent and temporary eyelash and eyebrow extensions and other eye enhancing services. As of December 31, ~~2024~~2023, Lash had ~~127140~~ Lash Lounge franchises operating in the United States.

Best Life Brands

Blue Moon Franchise Systems, LLC (“Blue Moon”) has offered franchises under the mark “Blue Moon Estate Sales” since August 2013. Blue Moon’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Blue Moon franchise sells personal property as well as the provision of consignment sales for those who are downsizing, relocating, or are deceased. As of December 31, ~~2024~~2023, Blue Moon had ~~94124~~ franchises in operation in the United States.

Boost Franchise Systems, LLC (“Boost”) has offered franchises under the mark “Boost Home Healthcare: since July 2021. Boost’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Boost franchise offers intermittent care ordered by a doctor and performed by a home health aide and other licensed healthcare providers to patients of all ages with acute and chronic long term complex health conditions within the patient’s residence or within health care facilities. As of December 31, ~~2024~~2023, Boost had ~~6six~~ franchises in operation in the United States.

ComForCare Franchise Systems, LLC (“ComForCare”) and its predecessor has offered franchise under the mark “ComForCare Home Care” since April 2021. ComForCare’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A ComForCare Home Healthcare franchise offers (i) companionship and personal/domestic care services, and other special needs services, primarily on a non-medical basis, for seniors and people of all ages so that they may remain in their residences, (ii) supplemental healthcare staffing services for persons who need this kind of assistance in their home or a facility in which they reside, and (iii) private duty nursing services. As of December 31, ~~2023~~2024, ComForCare had ~~248248~~ franchises operating in the United States.

CarePatrol Franchise Systems, LLC (“CarePatrol”) and its predecessor has offered franchises under the “CarePatrol” mark since April 2009. CarePatrol’s principal address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A CarePatrol franchise offers senior living placement, referral, and consulting services to families. As of December 31, ~~2023~~2024, CarePatrol had ~~460201~~ Care Patrol franchises operating in the United States.

Next Day Access, LLC (“Next Day”) has offered franchises under the “Next Day Access: mark since 2012. Next Day’s principal business address is 900 Wilshire Drive, Suite 102, Troy, MI 48084. A Next Day Access franchise offers ramps and other products and accessories that enhance the life of physically disabled or challenged persons. As of December 31, 2024, Next Day had 50 franchises operating in the United States.

Threshold Brands

PHP Franchise, LLC– (“PHP”) has offered plumbing service franchises under the mark “Plumbing Paramedics” and heating and air conditioning installation and service franchises operating

under the mark “Heating + Air Paramedics” since November 2021. PHP’s principal business address is 750 E. 150th Street, Noblesville, IN 46060. As of December 31, ~~2023~~2024, PHP had ~~1~~15 Plumbing Paramedics and ~~3~~14 Heating + Air Paramedics franchises operating in the United States.

Maid Pro Franchise, LLC- (“MaidPro”) has offered franchises under the “Maid Pro” mark since February 1997. MaidPro’s principal business address is -77 North Washington Street, Boston, MA 02114. A Maid Pro franchise offers home cleaning services for residential and commercial customers. As of December 31, ~~2023~~2024, MaidPro had ~~241 franchises operating in the United States.~~

~~FlyFoe, LLC d/b/a Patio Patrol (“Patio Patrol”) has offered franchises since February 2018. Patio Patrol’s principal business address is 77 North Washington Street, Boston, MA 02114. A Patio Patrol franchise offers residential and commercial mosquito, wasp, fly, tick control and other general pest control services. As of December 31, 2023, Patio Patrol had ~~7~~237 franchises operating in the United States.~~

Men In Kilts US, LLC (“MIK”) has offered franchises under the mark “Men in Kilts” since March 2019. MIK’s principal place of business is 77 North Washington Street, Boston, MA 02114. A Men in Kilts franchise offers window cleaning, gutter cleaning, pressure washing, siding cleaning, snow removal and other related services. As of December 31, ~~2023~~2024, MIK had ~~18~~23 franchises operating in the United States.

Pestmaster Franchise Network, LLC (“Pestmaster”) and its predecessor has offered franchises under the “Pestmaster” mark since June 2021. Pestmaster’s principal business address is 9716 South Virginia Street, Suite E, Reno, NV 89511. A Pestmaster franchise offers structural and agricultural pest control and related services. As of December 31, ~~2023~~2024, Pestmaster had ~~5~~57 franchises operating in the United States.

USA Insulation Franchise, LLC (“USA Insulation”) has offered franchises under the “USA Insulation” mark since March 2006. USA Insulation’s principal business address is 17700 Saint Clair Avenue, Cleveland, OH 44110. A USA insulation franchise offers residential insulation services. As of December 31, ~~2023~~2024, USA Insulation had ~~98~~109 franchises operating in the United States.

Granite Garage Floors Franchising, LLC (“Granite”) has offered franchises under the mark “Granite Garage Floors” since June 2013. Granite’s principal business address is 110 Mansell Circle, Suite 375, Roswell, GA 30075. A Granite Garage Floors franchise sells and installs residential garage floor coating systems. As of December 31, ~~2023~~2024, Granite had ~~14~~55 franchises operating in the United States.

Mold Medics Franchising LLC (“Mold Medics”) has offered franchises under the “Mold Medics” mark since December 2020. Mold Medics’ principal business address is 811 Washington Avenue, Carnegie, PA 15106. A Mold Medics franchise offers mold remediation, air duct cleaning, radon testing and mitigation services, and other services and products. As of December 31, ~~2023~~2024, Mold Medics had ~~1 franchise~~six franchises operating in the United States.

Sir Grout Franchising, LLC (“Sir Grout”) has offered franchises under the “Sir Grout” mark since August 2007. Sir Grout’s principal business address is 77 North Washington Street, Boston, MA 02114. A Sir Grout franchise offers grout and tile cleaning, sealing, caulking and restoration services and other services. As of December 31, ~~2023~~2024, Sir Grout had ~~5~~271 franchises operating in the United States.

Miracle Method LLC (“Miracle”) and its predecessors have offered franchises under the

“Miracle Method” mark since September 1996. Miracle’s principal business address is 4310 Arrowswest Drive, Colorado Springs, CO 80907. A Miracle Method franchise offers refinishing and restoration of bathtubs, sinks, showers, tiles, countertops, and similar surfaces. As of December 31, ~~2023~~2024, Miracle Method had ~~173~~201 franchises and two master franchises operating in the United States.

The Franchise Offered

We franchise the right to operate a business (a “U.S. Lawns Landscape Business” or U.S. Lawns Business”) which provides, within a territory (“Territory”), certain landscape maintenance services identified in the Franchise Agreement (collectively, “Landscape Maintenance Services”). Such services include the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6) lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales and installation of authorized landscape products and the sales and the installation of living landscape materials such as plants, trees, and flowers; (9) lawn seeding, overseeding, aerification, thatching and grading; (10) arborist services; and (11) snow management and other snow related services authorized by us. You will sign a Franchise Agreement in the form attached as Exhibit B (the “Franchise Agreement”).

In addition to our standard franchise opportunities, we offer ~~2 types of a~~ conversion franchise ~~opportunities~~opportunity to existing active landscape businesses. A conversion franchise is offered to those with businesses with gross billings of more than ~~\$250,000 per year; a small conversion franchise is offered to those that produce at least \$125,000 but less than \$250,000 of gross billings per year.~~360,000 per year. For each Conversion Franchise, the franchisee will sign the Franchise Agreement and the Conversion Addendum attached as Schedule B to the Franchise Agreement. In Items 5 and 6 we describe modifications to the initial franchise fee, royalty fee and marketing contributions for conversion franchisees. In Item 6 we also describe an adjusted royalty fee schedule as part of renewals or transfers for franchisees that entered into a Franchise Agreement prior to April 18, 2018. Such franchisees can renew or transfer their existing agreement under the terms of the Franchise Agreement attached as Exhibit B and the appropriate Addendum included as part of Exhibit B. Except for the adjusted royalty fee set forth in the appropriate Addendum, conversion franchisees or franchisees renewing, transferring or entering into a new agreement for a new territory will sign the Franchise Agreement attached as Exhibit B.

~~In addition, we offer to select, qualified existing franchisees that meet our then current standards and qualifications, the opportunity to acquire the right to develop U.S. LAWNS Landscape Businesses in multiple Territories under an Area Development Agreement attached as Exhibit C (“Area Development Agreement”). If you are considering entering into your first Franchise Agreement with us, you are not eligible to enter into an Area Development Agreement at this time, although you may qualify under limited circumstances for a one year option right for one additional franchise in an adjacent territory (Additional Territory Option Agreement attached as Schedule J to the Franchise Agreement).~~

~~If you are an existing franchisee and you sign an Area Development Agreement, you will receive the right to open a certain number of U.S. LAWNS Landscape Businesses in defined Territories over a defined period of time, as we determine, on the basis of the market potential and the size of the Territories. You must sign our then current form of Franchise Agreement for each U.S. LAWNS Landscape Business~~

~~you develop under the Area Development Agreement, which may contain terms different from the terms including in the current form Franchise Agreement attached as Exhibit B.~~

~~If you qualify, we may offer you an option to develop an additional U.S. LAWNS Landscape Business by entering into an Additional Territory Option Agreement, which is attached to the Franchise Agreement as Schedule J. This Additional Territory Option Agreement gives you a one-year option period to sign a Franchise Agreement for an adjacent territory.~~

The Market for the Services

The general market for providing landscape maintenance services is very competitive and widespread and includes national and regional competitors as well as local owner-operated firms and in-house operations.

Industry-Specific Regulations

U.S. LAWNS franchises are regulated by federal, state and local laws regarding pesticide usage and storage (including the Federal Insecticide, Fungicide and Rodenticide Act), the Occupational Safety and Health Act, and various state and local licensing requirements for contractors. You must operate your franchise in compliance with all of these laws as well other local, state and federal laws applicable that apply to businesses generally, and we urge you to make further inquiries about these laws. It is your sole responsibility to obtain and keep in force all necessary licenses and permits required by public authorities.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer, President, and Director: Kenneth Hutcheson

Ken Hutcheson joined our company in 1995 and has served as our President at our offices in Orlando, Florida since February 2005. Since May 7, 2024, ~~Ken~~Mr. Hutcheson has also ~~servesserved~~as our CEO and director, and holds the same position in EverSmith Brands and with each of our affiliates.

Chief Operating Officer: Justin Ghadery

Justin Ghadery has served as our Chief Operating Officer since September 2024 and holds the same position in EverSmith Brands and with each of our affiliates. Mr. Ghadery has also served as our Interim Brand President for our affiliate Prism Specialties since October 2024 and for our affiliate Kitchen Guard since November 2024. Mr. Ghadery has served on the Board of Advisors for Best Life Brands since September 2022 and the International Franchise Association's Veteran Affairs Committee since January 2023. From December 2021 through August 2022, Mr. Ghadery served as the Chief Operating Officer for Afterburn Holdings, an Orangetheory Fitness area developer in Houston, Texas. Mr. Ghadery served as Title Boxing Club's Chief Operating Officer in Culver City, California, from January 2021 to December 2021. From September 2016 to September 2020, Mr. Ghadery served as Senior Executive Vice President at Gold's Gym in Dallas, Texas.

Chief Financial Officer: Keri Thoma

Keri Thoma has served as our Chief Financial Officer since January 2025 and holds the same position in EverSmith Brands and with each of our affiliates. Justin has served on Best Life Brands' Board of Advisors since September 2022. From December 2021 through August 2022, Justin served as the Chief Operating Officer of Afterburn Holdings, an Orangetheory Fitness area developer located in Houston, Texas. Justin served as Title Boxing Club's Chief Operating Officer, located in Culver City, California, from January

~~2022 to December 2021. From September 2016 to September 2020, Justin served as Senior Executive Vice President at Golds Gym in Dallas, Texas. Previously, Ms. Thoma served as Chief Financial Officer and Chief People Officer for Concierge Home Care in Jacksonville, Florida, from November 2020 to December 2024. From March 2019 to October 2020, Ms. Thoma served as Chief Financial Officer and Chief Administrative Officer for Shearwater Health in Nashville, Tennessee.~~

Senior Vice President, Brand Development: David Wells

David Wells has been with us since April 2018 in Orlando, Florida, and since ~~February 2022~~ May 2024 has served as our ~~Senior Vice President~~, Brand Development, holding the same position in EverSmith Brands and with each of our affiliates. From February 2022 to May 2024, he served as our Vice President, Brand Development. From January 2021 to February 2022, he served as our Senior Director, Brand Development. Prior to this position, ~~David~~ Mr. Wells held the position of Senior Director of Franchise Recruiting. ~~From September 2012 to~~

Brand Leader: RJ Krone

~~RJ Krone has served as our Brand Leader since March 2024. Mr. Krone previously served as President of Extraordinary Brands in Chicago, Illinois from December 2023 to March 2025. Mr. Krone served as Vice President for PVue in Chicago, Illinois, from April 2017, he was a Franchise Director of Franchising for Sport Clips, Inc., in Georgetown, Texas, before he was promoted to Senior Director of Franchising in April 2017, where he served until April 2018. 2020 to December 2023. Mr. Krone served as Vice President of Operations for Spring-Green Lawn Care, located in Plainfield, Illinois, from October 2013 to April 2020.~~

Vice President, Operations: Michael Wood

~~Michael Wood has been with us since June 2017 in Orlando, Florida, and since October 2023 has served as our Vice President, Operations. He was our Sr. Director of Franchise Operations from June 2022 to October 2023, our Director of Project Management from January 2020 to June 2022 and Franchise Advisor from June 2017 to January 2020.~~

Chairman and Director: ~~Tom Silk~~ Michael Eblin

~~Tom Silk has served as a director since January 2024. Tom~~ Michael Eblin has served as Chairman of our parent EverSmith Brands' parent's Board of Directors, and as a director of our affiliates since ~~October 2023~~. In addition, Tom has served as Chairman for TES Solutions in Cleveland, Ohio since ~~September~~ February 2025. Mr. Eblin has also ~~2022~~. Previously, he served as CEO for ~~WorkStride~~ of Clearlake, LLC in New York, New York from January 2013 to ~~Glendale, Arizona since April 2014~~ 2022.

Director: Brian Sauer

Brian Sauer has served as a director since January 2024. ~~Brian~~ Mr. Sauer has served as a director of our parent EverSmith Brands since July 2021, and as a director of ~~our~~ affiliates TruServe Groundscare, Inc. since December 2020, milliCare, Inc., Inc. since September 2021, milliCare Franchising, LLC since its inception in January 2022, Clintar Franchising, Inc. since its inception in March 2023, and Kitchen Guard Franchising, Inc. since its inception in June 2023. ~~Brian~~ Mr. Sauer is a senior partner in The Riverside Company, in its Santa Monica, California offices and has been with the company since 2004.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy information must be disclosed in this Item.

ITEM 5 INITIAL FEES

You pay us an initial franchise fee of \$49,000 when you sign the Franchise Agreement. The initial franchise fee is paid in a lump sum, ~~but we may finance up to 70% of this fee.~~ If you are an honorably discharged veteran, your initial franchise fee is \$44,000, ~~and we may finance 80% of this fee.~~ You must pay an initial franchise fee of \$39,000 for a Conversion Franchise. ~~We may finance up to 80% of this fee. You must pay an initial~~ ~~If you purchase additional franchises as part of a multi-pack at the same time that you purchase your first franchise, the fee of \$44,000 for a Small Conversion Franchise. We may finance up to 80% of this fee.~~ ~~each additional franchise is \$40,000.~~ The initial franchise fee, in all cases, is fully earned upon receipt and is not refundable. If you are ~~an existing franchisee and you are approved as a purchaser of to purchase~~ an additional franchise, you pay a lump sum initial U.S. Lawns franchise fee equal ~~to after at least one year of operating experience and provided that you also meet our current expansion requirements (as outlined in Item 12), you may receive a 50% of discount on the then-current initial franchise fee (meaning 50% of \$49,000, or \$24,500) when you sign the Franchise Agreement~~ Initial Franchise Fee.

~~If you are an existing franchisee, we may offer you the opportunity to develop between one and three U.S. LAWNS Landscape Businesses within designated Territories under an Area Development Agreement if you meet our then current qualifications. If you sign an Area Development Agreement, the "Development Fee" is an amount equal to fifty percent (50%) of the current Initial Franchise Fee for existing franchisees for each Territory/U.S. LAWNS Business to be developed under the Area Development Agreement (meaning 50% of \$24,500 or \$12,250 per Territory to be developed), up to a maximum of three Territories to be developed. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the then current Initial Franchise Fee for existing owners as outlined in the then current Franchise Agreement, payable upon the signing of each individual Franchise Agreement. Under the terms of the Area Development Agreement, you must develop and operate a certain number of U.S. LAWNS Landscape Businesses and will sign a separate Franchise Agreement with us for each Territory/U.S. LAWNS Landscape Business. We may not, however, require you to sign Franchise Agreement for the first Territory/U.S. LAWNS Landscape Business to be developed at the same time you sign an Area Development Agreement. The Development Fee is not refundable under any circumstances.~~

~~If you are executing an Additional Territory Option Agreement you will pay a lump sum \$5,000 option fee for the right to develop an additional U.S. LAWNS Landscape Business in a territory adjacent to your current territory for a 12-month period (see Item 12). The option fees are non-refundable.~~

From time to time, we may offer incentive programs to prospective franchisees for a limited time basis. Occasionally we may establish various franchise expansion programs, which are generally, but not exclusively, available only to existing franchise owners to provide incentives to franchisees to expand their existing franchise territories or service lines. These programs, which are established and maintained at our sole discretion, and uniformly offered to similarly situated prospects or franchisees, may include reduced or rebated fees or certain credits.

You must engage in grand opening advertising of \$1,000 per month for the first year of operations as we may direct. You should begin advertising at least 30 days prior to the opening of your business or expend such funds as we direct. We may require you to pay this amount to us or our affiliates or directly to third-party vendors in our sole discretion. If paid to us, we will expend these funds on your behalf in our sole discretion. You may spend additional amounts on other pre-opening advertising that are arranged or approved by us.

We pay a referral fee (“Referral Fee”) to any of our current franchisees or those of any affiliated brand if they are the first to refer a new candidate to us who meets our qualifications and signs a Franchise Agreement within six (6) months of the date of referral. Currently, the Referral Fee is \$10,000 for each successful referral. This incentive payment is only paid for the first franchise purchased by the referred new franchisee, and other limitations may apply. We may change or eliminate the referral program at any time without notice. Franchisees participating in the referral program are not our sales agents and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise.

**ITEM 6
OTHER FEES¹**

Standard Franchise

FEES¹	AMOUNT	DUE DATE	REMARKS
Royalty ^{2 & 3}	<p>The Royalty is based on a sliding scale:</p> <ul style="list-style-type: none"> • If your Gross Billings³ Billings⁴ in the calendar month are \$62,500 or less, you pay 6% of Gross Billings. • If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$125,000, you pay 6% of Gross Billings up to and including \$62,500, plus 5% of the Gross Billings between \$62,500.01 and \$125,000. • If your Gross Billings in the calendar month are over \$125,000, you pay 6% of all Gross Billings up to and including \$62,500, plus 5% of the Gross Billings between \$62,500.01 and \$125,000, plus 4% 	15th of each month for the Gross Billings for the previous month	We reserve the right to collect by electronic funds transfer (EFT).

FEES ¹	AMOUNT	DUE DATE	REMARKS
	<p>of the Gross Billings in excess of \$125,000.</p> <p>If you provide Landscape Maintenance Services to customer locations which are located outside your Territory, you pay 6% of Gross Billings for such services regardless of your Gross Billings in the calendar month.</p>		
Marketing Contribution ²	Currently, the lesser of 2% of Gross Billings or a "Marketing Cap" of \$550 <u>650</u> per month	15 th of each month for the previous month	We reserve the right to increase the Marketing Cap and/or the percentage you pay, although in no instance will your Marketing Contribution exceed 3% of Gross Billings (which means that we can increase the Marketing Cap of \$550 <u>650</u> up to an amount equal to 3% of Gross Billings, which means you may pay more than \$550 <u>650</u> depending on your Gross Billings).
Technology Fee/CRM Fee/Accounting Software Fee ⁴ Fee ⁵	<p>The then-current monthly fee €, which is currently, \$199 <u>\$299</u></p> <p>Separate from the Technology Fee is a CRM (customer relationship management) fee, <u>currently</u> between \$250-\$450 annually, <u>as determined by the third-party supplier</u>, and an accounting software for-we specify (currently QuickBooks), with an annual amount <u>currently</u> equal to \$215-\$400, <u>as determined by the third-party supplier</u></p>	15 th of each month for the previous month; the CRM fee is an annual subscription-based fee due 15 days after invoiced	We reserve the right to collect by electronic funds transfer (EFT). <u>We may increase monthly support and maintenance fees, and/or modify the services that are provided for these fees with 60 days' notice, although such fees will not increase by more than 50% during any 12-month period.</u>
Regional Account Management Fee ⁵ Fee ⁶	<p>Variable, although the current range of the fee is 1%-10% of the fees paid by the regional account</p> <p>See Note <u>56</u></p>	Will be deducted from amounts owed to you for Regional Accounts Work	We will administer and manage the Regional Accounts program.
Transfer	<p>50% of the then current Initial Franchise Fee <u>The then-current transfer fee, which we will not increase by more than 5% in any calendar year</u></p> <p><u>Currently, \$15,000 for the first agreement (reduced to \$5,000 if sold to an existing U.S. Lawns Franchisee) plus \$2,500 for each additional franchise agreement transferred in the same transaction.</u></p>	Upon transfer	Paid at closing of the transfer. <u>Subject to applicable state law.</u>
Audit ⁶			

FEES¹	AMOUNT	DUE DATE	REMARKS
<u>Audit</u> ⁷	Cost of audit plus interest of 1-1/2% per month or the highest legal rate for open account business credit, whichever is greater on the unpaid amount at the rate.	15 days after invoiced	Payable only if audit shows understatement of at least 3% of Gross Billings for any month.
Indemnification	Will vary under circumstances	As incurred	You must indemnify us, against all losses and claims arising from the operation of your Business.
Penalty, Late Fee and Interest	We may assess a \$5.00 per day penalty for late submission of reports or financial information. There is a minimum \$25 late fee for payments and reports plus the greater of 1-1/2% per month and the highest legal rate for open account business credit.	When billed	Payable on all overdue amounts and late reports.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	You must reimburse us for fees and costs we incur from your failure to make payments, submit reports or failure to comply with the Franchise Agreement.
<u>Resale Assistance Fee</u>	<u>An amount equal to the greater of (i) \$10,000; or (ii) our actual costs, including but not limited to any broker commission that may be incurred, due, or required arising from the transfer</u>	<u>As incurred. Before transfer</u>	<u>Payable by you if we find a buyer for your franchise. See Note 8.</u>
Renewal Fee	<u>Our then-current renewal fee, which will not be more than 20% of the then-current Initial Franchise Fee.</u> <u>Currently, \$5,000</u>	The day you sign a renewal franchise agreement	<u>You will not owe this fee if you do not sign a renewal franchise agreement. If you elect to renew the franchise, sign the then-current Franchise Agreement and sign a Release. Each term is for a period of ten (10) years. The Renewal Fee will not be more than 20% of the then-current Initial Franchise Fee.</u>
<u>Additional and Ongoing Training Fees</u>	<u>Our then-current fees, which will not exceed \$750 per day plus our actual travel costs and expenses</u> <u>Currently, we do not impose an additional training fee</u>	<u>As incurred</u>	<u>If you request additional training or we deem additional training is necessary, we reserve the right to charge you our then-current training fee</u>
<u>Annual Convention Fee</u>	<u>Our then-current fee, which shall not exceed \$1,000</u> <u>Currently, \$0</u>	<u>As incurred</u>	<u>We reserve the right to charge you our then-current fee in connection with our annual conference or convention</u>

FEES ¹	AMOUNT	DUE DATE	REMARKS
			<u>that we hold.</u>
<u>Failure to Maintain Insurance</u>	<u>Our actual costs and expenses, together with a \$5.00 per day penalty for each day that such costs and expenses are not repaid to us, with a minimum \$25 late fee, plus the greater of 1-1/2% per month and the highest legal rate for open account business credit.</u>	<u>When billed</u>	<u>If you fail to obtain or maintain any insurance that is required under the Franchise Agreement, we may, but are under no obligation to, obtain the required insurance at your sole cost and expense.</u>

¹ All fees are imposed by and payable to us, unless otherwise noted. All fees are non-refundable.

² If you are a conversion franchisee, for the first 480365 days of the Franchise Agreement you will not pay any royalties on your conversion customers, as identified in Schedule 1 to the Conversion Addendum (although you will pay royalties on new customers), nor will you pay any marketing contributions for the first 480365 days of the Franchise Agreement.

If you are an existing franchisee who entered into a Franchise Agreement prior to April 18, 2018, and you wish to renew your Franchise Agreement or transfer your Franchise Agreement, you will pay Royalties according to the following sliding scale so long as you are in compliance with your Franchise Agreement and any other agreement with us or our affiliates (including all payment obligations):

- If your Gross Billings in the calendar month are \$41,500 or less, you pay 6% of Gross Billings.
- If your Gross Billings in the calendar month are over \$41,500 but equal to or less than \$62,500, you pay 5% of Gross Billings.
- If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$83,250, you pay 4% of Gross Billings.
- If your Gross Billings in the calendar month are over \$83,250, you pay 3% of all Gross Billings.
- If your Gross Billings in the calendar month are over \$104,166, you pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.

Except for the adjusted royalty fee set forth above and in the appropriate Addendum, franchisees who signed a Franchise Agreement prior to April 18, 2018 who are renewing or transferring will sign the Franchise Agreement attached as Exhibit B and be obligated to all terms of such Franchise Agreement. In the event that such a renewing franchisee is not in compliance as noted above and as set forth in the applicable Addendum, the Royalty fee will increase to the Royalty fee noted in the chart above, which is the fee set forth in Section 8.B of the Franchise Agreement.

³³ You must pay a minimum Royalty for each Territory you own. Payment of the minimum monthly Royalty commences on the one-year anniversary of your completion of U.S. Lawns Training and shall be in the following amounts:

- Months 13 to 18: \$450.00 per month
- Months 19 to 24: \$550.00 per month
- Months 25 and thereafter: \$650.00 per month

For franchisees that purchase multiple territories as part of a multi-pack, we reserve the right to adjust the minimum royalty timeline to commence with the launch date of each additional unit.

⁴ “Gross Billings” means the gross amount billed by you during any calendar month, whether or not payment

is received therefore, on account of Landscape Maintenance Services performed by or on behalf of you, directly or indirectly, and on account of any and all other related goods and services sold or rendered under or in connection with your use of the Marks (including the sale of unauthorized goods and services), and including work performed for or on behalf of persons or business entities which are customers of yours as of the Effective Date. Gross Billings exclude sales taxes collected and paid to the proper authorities.

⁴⁵ The monthly Technology Fee will cover the use of maintenance and support for the software and other technology you are required to use. We reserve the right to increase this monthly fee, as we add to, enhance or upgrade the technology. We will provide you with at least 60 days' notice of any increases to the monthly fee, although the fee will not increase by more than 50% during any 12-month period. You also are required to use our designated CRM vendor, with a current CRM annual fee of \$250-\$450 (subject to change). In addition to the CRM fee, you also must use the accounting software we specify (currently QuickBooks), for which you will pay QuickBooks an annual amount equal to \$215-\$400 (subject to change). We also reserve the right to implement other technology related fees in the future.

⁵⁶ The amount of the management fee varies from customer to customer based upon a number of factors including: (i) the direct cost of administrative and management oversight provided; (ii) the associated overhead cost such as payment terms (financing) and risk management (insurance); and (iii) the profit margin.

⁶⁷ Interest accrues from the date of underpayment.

⁸ In the event that the transferee was introduced to you by the franchisor, its agents, or otherwise was a prospective franchisee working with franchisor's sales team or outside brokers, you will pay us a resale assistance fee ("Resale Assistance Fee"), in addition to the Transfer Fee, equal to the greater of (i) \$10,000; or (ii) our actual costs, including but not limited to any broker commission that may be incurred, due, or required arising from the transfer.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT – Standard Franchise ~~(Owner-Operated)~~

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$49,000 (\$44,000 for veterans) (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	Us
Option Fee (Note 2)	\$0 to \$5,000	Lump sum	At signing of Additional Territory Option Agreement	Us
Grand Opening Advertising (Note 32)	\$54,000	Monthly for first year	Before Opening and monthly	Us or Vendors
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 43)	\$2,000 500 to \$46,000	As arranged	As incurred	Hotels, Airlines, Restaurants
Real Estate (Note 54)	\$3,000 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 65)	\$6,500 8,000 to \$12,000500	Initial payment and monthly lease payments (Note 5)	As agreed	Third Parties
Equipment (Note 76)	\$2,100 4,000 to \$16,500	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 87)	\$2,500 to \$6,000	Lump sum	Before opening	Vendors
Additional Funds (Three Months) (Note 98)	\$2540,000 to \$60100,000	As incurred	As incurred	Employees, suppliers, utilities
Total Estimated Initial Investment	\$95,100 113,000 to \$163,500200,000 (\$90,100 108,000 to \$158,500195,000 for veterans) (Notes 1 and 98)			

YOUR ESTIMATED INITIAL INVESTMENT—Standard Franchise (Manager-Operated)

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$49,000 (\$44,000 for veterans) (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	Us
Option Fee (Note 2)	\$0 to \$5,000	Lump sum	At signing of Additional Territory Option Agreement	Us
Grand Opening Advertising (Note 3)	\$5,000	Monthly for first year	Before Opening and monthly	Us of Vendors
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 4)	\$4,000 to \$8,000	As arranged	As incurred	Hotels, Airlines, Restaurants
Real Estate (Note 5)	\$3,000 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 6)	\$6,500 to \$12,000	Initial payment and monthly lease payments	As agreed	Third Parties
Equipment (Note 7)	\$2,500 to \$16,500	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 8)	\$2,500 to \$6,000	Lump sum	Before opening	Vendors
Additional Funds (Three Months) (Note 9)	\$65,000 to \$110,000	As incurred	As incurred	Employees, suppliers, utilities
Total Estimated Initial Investment	\$137,500 to \$217,500 (\$132,500 to \$212,500 for veterans) (Notes 1 and 9)			

YOUR ESTIMATED INITIAL INVESTMENT – Conversion ~~and Small Conversion~~ Franchise

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee	\$39,000 to \$44,000 (Note 1)	Lump sum or Financed (Note 1)	At signing of Franchise Agreement	Us
Option Fee (Note 2)	\$0 to \$5,000	Lump sum	At signing of Additional Territory Option Agreement	Us
Grand Opening Advertising (Note 32)	\$54,000	Monthly for first year	Before Opening and monthly	Us or Vendors
Training Expenses (Travel, Lodging, Meals, Incidentals) (Note 43)	\$2,000 500 to \$46,000	As arranged	As incurred	Hotels, Airlines, Restaurants
Real Estate (Note 54)	\$0 to \$6,000	As arranged	As agreed	Third Parties
Service Vehicle and Trailer (Note 65)	\$0 to \$12,000 500	Initial payment and monthly lease payments	As agreed	Third Parties
Equipment (Note 76)	\$0 to \$16,500	Lump sum or leased	As agreed	Third Parties
Tools, Supplies, Office Equipment (Note 87)	\$1,000 to \$6,000	Lump sum	Before opening	Vendors (CRM fee paid to us)
Additional Funds (Three Months) (Note 98)	\$25,000 to \$60,000	As incurred	As incurred	Employees, suppliers, utilities
Total Estimated Initial Investment	\$72,000 71,500 to \$158,500 150,000 00 (Note 98)			

¹ ~~For a Standard Franchise, up to 70% of this fee may be financed by us. For Conversion Franchises, or for a Franchisee who is an honorably discharged veteran, 80% of the fee may be financed by us. See Item 10. The initial franchise fee is not payable if you are renewing an existing Franchise Agreement. If you are purchasing an additional franchise territory the initial franchise fee is reduced to 50% of the then current initial franchise fee. If you are purchasing a Conversion Franchise the initial franchise fee is reduced to \$39,000. If you are purchasing a Small Conversion Franchise the initial franchise fee is reduced to \$44,000. All initial franchise fees are non-refundable.~~

² ~~If you qualify and execute an Additional Territory Option Agreement you will pay a lump sum \$5,000 option fee for the right to develop an additional U.S. Lawns Landscape Business in a territory adjacent to your current territory for a 12-month period (see Item 12). The option fees are non-refundable.~~

³¹ All initial franchise fees are non-refundable.

² You must engage in grand opening advertising of \$1,000 per month for the first year of operations as ~~the~~ we may direct. You should begin advertising at least ~~60-30~~ days prior to the opening of your business or expend such funds as we direct. This estimate is for the ~~two months~~ month prior to opening and the three months thereafter. If paid to us, we will expend these funds on your behalf in ~~its~~our sole discretion. You may spend additional amounts on other pre-opening advertising that are arranged or approved by us.

⁴³ The expenses to attend training are for travel, lodging, meals, and incidental expenses incurred by you and your designees who attend training (estimated total is for ~~21~~ or ~~32~~ people for 5 days). There is no fee for the initial training.

⁵⁴ You will need an office and shop/storage area for your U.S. LAWNS business. Some existing businesses (conversion franchises) choose to operate out of their current facilities therefore incur no additional cost for real estate. If this is not an option, you should budget \$500 to \$1,000 per month to rent a facility. The amount listed in the above chart assumes a security deposit and 3 months' rent. These are only estimates. You will need about 100 to 150 square feet of office and 200 square feet of shop/storage area. The amount of rent will vary depending upon the size, location and condition of the space as well as regional variations in rental values. Included in the estimate are the first and last month's rent and a deposit in an equal amount that you may be required to pay prior to occupying the space. This amount also includes business and occupational licenses. These expenses are variable depending on the size of the contract sold and the type and size of equipment required. If you obtain a contract for a large property, you may need additional equipment, supplies, and labor.

⁶⁵ You are required to have a service vehicle(s) to operate your Business. This includes a pick-up truck, trailer, and any vehicles used by you to make sales calls on, and provide services to, customers and prospective customers of the Business, which service vehicle(s) must conform to our standards and specifications. An existing vehicle may be converted to use in the business if it conforms to our standards. The estimated cost for the vehicle is based on the lease of a ¾ ton pickup truck, an eighteen foot enclosed trailer and any additional customization, such as graphics or snow plowing equipment necessary to begin operating the business. The estimated expenses include the first and last month's lease payments and lease payments for the initial three month operating period. This amount includes the cost of a 10% security deposit and 3 monthly payments on a fully capitalized 4-year lease of a ~~used~~new service vehicle and trailer valued at \$~~3955~~,000. (At 8% interest, the monthly payments on \$~~35,100~~49,500 would be \$~~856.89~~1,208.44 per month.) These numbers will vary based on your creditworthiness, whether the vehicle is new or used, term of the lease, down payment; options installed, and market conditions.

⁷⁶ You will need landscape industry equipment such as mowers, string trimmers, edgers, and blowers to operate your Business. This equipment can be purchased outright, financed, or leased from third parties. In the event you have an existing business (conversion franchises) and your equipment meets our standards, you will not incur any additional cost for equipment. The estimated initial investment is based on the lease cost for this equipment over a three month period for the low range and the outright purchase of the equipment for the high range. The amount includes one month security deposit and 3 monthly payments on a fully capitalized 4-year lease at 8% interest for a commercial quality mower, string trimmer, edger, and blower, at a total value of \$12,000.

⁸⁷ You must have a computer system, office supplies and equipment such as a desk, chair, ~~file cabinet,~~ maps, shelves, and miscellaneous tools and equipment, including uniforms. ~~This expense item includes the cost of the current version of QuickBooks which costs between \$215 and \$400 annually, the annual \$250-\$450 CRM fee paid to us, and any initial subscription expenses to the U.S. LAWNS intranet web site, all of which are required.~~

⁹⁸ These are operating expenses, excluding your salary, required to be paid to third parties during the three-month initial operating period. This includes insurance, telephone and communication expenses, utilities, fuel, and marketing/~~advertising expenses.~~ ~~advertising expenses, and assumes that you will hire one crew leader, two gardeners and a full-time salesperson, and may choose to also hire an operations manager.~~ This

table estimates your initial start-up expenses. If you are buying a Conversion Franchise, you must make purchases of any equipment and tools that you do not already have, within 90 days of signing the Agreement. If you are purchasing a new franchise, signage for one pick-up truck is provided by us at no cost to you. These figures are estimates based on our ~~37~~38 years of experience in the landscape maintenance and franchise business.

~~YOUR ESTIMATED INITIAL INVESTMENT—Area Development Agreement~~

FEES	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Development Fee	\$12,250 to \$36,750 (Note 1)	Lump sum (Note 1)	At signing of Area Development Agreement	Us
Initial Franchise Fees	\$0 to \$40,500 (Note 2)	Lump sum (Note 2)	At signing of each Franchise Agreement	Us
Training Expenses (Travel, Lodging, Meals, Incidentals)	\$2,000 to \$4,000 (Note 3)	As arranged	As incurred	Hotels, Airlines, Restaurants
Additional Funds (Three Months)	\$1,000 to \$2,000 (Note 4)	As incurred	As incurred	Us and Third Parties, as applicable
Total Estimated Initial Investment	\$15,250 to \$83,250			

¹ ~~The amount of the Development Fee will depend on the number of Territories you agree to develop under the Development Schedule set forth in the Area Development Agreement. We expect that most franchisees who sign an Area Development Agreement will develop 1 to 3 U.S. LAWNS Landscape Businesses and pay us a Development Fee of \$12,500 to \$36,750. We do not offer separate financing for the Development Fee.~~

² ~~The part of the Initial Franchise Fee that is included in the Development Fee is credited against the then-current Initial Franchise Fee for existing owners as outlined in the then-current Franchise Agreement, payable upon the signing of each individual Franchise Agreement. We may not require you to sign Franchise Agreement for the first Territory/U.S. Lawns Landscape Business to be developed at the same time you sign an Area Development Agreement, but if you do sign a Franchise Agreement (or multiple Franchise Agreements) at the same time as the Area Development Agreement, you will pay the Development Fee, the Initial Prospecting Fee and the remaining balance of the Initial Franchise Fee owed for each Franchise Agreement at the same time.~~

³ ~~Only existing franchisees are eligible to enter into an Area Development Agreement. Generally, an existing franchisee will not require additional training when entering into an Area Development Agreement; however, if you have hired a new manager who will be involved in the operation of a new U.S. LAWNS Landscape Business, you will incur costs to send this person to training with us. The expenses listed above to attend training are for travel, lodging, meals, and incidental expenses incurred by you and your designees who attend training, for 5 days. There is no fee for the initial training.~~

⁴ ~~This amount is included for budgeting purposes only to account for unanticipated expenses. This amount includes estimates for fees as you prepare to open a U.S. LAWNS Landscape Business in accordance with the Development Schedule. The estimate includes fees for insurance, business entity organization expenses, other prepaid expenses, accounting and professional fees, and other operation expenses during the three month initial operating period. These figures do not include any taxes that you may pay. You should check with your local and state governmental agencies for any taxes that may be assessed. These figures are~~

~~estimates only. These figures are estimates based on our 37 years of experience in the landscape maintenance and franchise business. In addition to the estimated cost to enter into a Development Agreement, you will incur all of the expenses identified in the first Item 7 Table for each business/Territory you establish under the Development Agreement.~~

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help assure a uniform image and uniform quality of products and services in all U.S. LAWNS businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, the location of your office is subject to our approval. You must purchase for use in your business (the “Business”) the following categories of goods, services, supplies, equipment and inventory according to specifications (including brand specifications) issued by us from time to time. These purchases include a vehicle, computer systems, lawn mowers, string trimmers, blowers, ~~and~~ hand tools and certain designated software. Items such as herbicides, insecticides, fertilizers, and other landscape related products may be used only if you provide extra services to your customers. From time to time, we may designate a single supplier for a product or service, and that single supplier may be us, an affiliate, or a third party. We may require you to use, offer and/or promote, and maintain in stock in such quantities as are needed to meet reasonably anticipated consumer demand, certain proprietary products, materials or equipment (“Proprietary Products”). You may buy Proprietary Products only from us (if we sell them) or our designated manufacturer or supplier. As of the date of this Disclosure Document, there are no Proprietary Products that you must use other than we do have a designated vendor (PipeDrive) as our CRM software vendor. You are not required to purchase products which are not Proprietary Products from us or any other supplier, but the items you purchase must satisfy our specifications.

~~ForAs of our most recently concluded fiscal year ending September 30, 2023, based upon items sold to franchisees, we received approximately \$2,138,403, which ended on December 31, 2024, U.S. Lawns, Inc. derived \$1,962,196 or approximately 1918.6% of our total revenue of \$11,080,65410,550,786, resulting from required franchisee purchases or leases. In 2025, we expect to derive 18.6% of our revenues from required purchases or leases, although, as further noted below, we may derive revenue from required purchases or leases in our 2023 audited financial statements included as Exhibit A. the future. Additionally, for our most recently concluded fiscal year ending September 30, 2023December 31, 2024, we received \$708,540401,545 in rebates or approximately 6.43.8% of our total revenue as a result of purchases by our franchisees from third party suppliers.~~

All products utilized by the Business in providing Landscape Maintenance Services must meet our specifications. You may purchase approved brands of inventory from us or from any other supplier.

The other items used in the operation of the Business also may be subject to our specifications. These items may be purchased from us or from any other supplier. Specifications are included in the Franchise Agreement and the Operations Manual and may be provided to you in other written communications from us.

You must purchase and maintain from a company we approve, insurance that insures both you and us, our affiliates our parent companies, our sister companies, and our customers and the owners of any property you service. The insurance policies must include, at a minimum: (i) commercial general liability insurance covering claims for personal injuries and property damage with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate; (ii) employers liability insurance with minimum limits of \$1,000,000 for bodily injury caused by accident or disease, or the minimum required by state law (whichever is greater); (iii) vehicle liability for owner, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (iv) umbrella liability insurance with minimum limits of \$1,000,000;

(v) Worker's Compensation Insurance; (vi) any other such insurance coverages or amounts as required by law or agreement related to the U.S. LAWNS Business; and (vii) any other insurance we may require from time to time. Additional insurance requirements are set forth in the Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as well as any subcontractors on the particular property, and/or our customers and/or the owners of any property you service) as additional insureds.

You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage. We may modify, upon written notice to you, the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the U.S. LAWNS System, standards of liability and higher damage awards.

You can expect items purchased or leased in accordance with our specifications will represent approximately 80% of total purchases you will make to begin operations of the business and 10% to 20% of the ongoing costs to operate the business.

Upon request, we will periodically provide you with a list of approved suppliers for equipment and other items. We may modify the standards and specifications for these items from time to time. You are encouraged to use our approved suppliers as these have been identified as suppliers who meet our approval specifications. You may, however, wish to use products or equipment of a brand that is not currently approved by us, except for instances where we have designated a single source only. Before using a currently unapproved brand, you must first notify us of your intent to do so, submit to us information about the unapproved brand and obtain our written approval. We will let you know within 30 days if we do not approve. We will determine whether the brand is substantially the same as the brands then approved by us. We do not make our supplier approval criteria available to franchisees. In the future, we may require different procedures to be followed for requests for approval of brands. We may charge you fees (no more than \$300 per hour) for evaluating proposed brands and may impose reasonable limits on the number of approved brands of any product or piece of equipment, although we currently do not charge any supplier evaluation fee.

We have established purchasing arrangements through our parent company and its affiliates to provide better service and cost savings to our franchisees.

Franchisees may purchase on a voluntary basis items such as stationery, marketing materials, uniforms, and other products through us. Some of these accounts are run through the MarketPlace. A mark-up ranging from 0 to 20% is applied to products and equipment purchased by franchisees through us. The amount of the mark-up is based upon amounts necessary to cover overhead, billing and stocking costs. In order to anticipate the needs of our franchisees, if you purchase from us, we may request that you give notice of intent and a commitment to purchase through us. This notice and commitment must be given by you if requested by us.

Except as described in this Item 8, neither we nor our affiliates receive any payments from any suppliers because of their transactions with our franchisees. We may negotiate other purchase arrangements with suppliers for your benefit for uniforms, forms and marketing services. We do not provide any material benefits to you based on your use of designated or approved sources. In addition to offering a preferred service and/or price to the franchisee suppliers may offer a rebate or other consideration to us ranging from 0% to 10%. As of the date of this Disclosure Document, there is no purchasing or distribution cooperative.

One or more of our officers own shares in a publicly-held supplier approved for use in this franchise

system.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

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

OBLIGATION	SECTION IN FRANCHISE AGREEMENT / AREA DEVELOPMENT AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
a. Site selection and acquisition/lease	Sections 2.B and 5.A of Franchise Agreement Section 4.B.3 of Area Development Agreement	Items 7 and 11
b. Pre-opening purchases/leases	Sections 5.A and 5.B of Franchise Agreement	Item 7
c. Site development and other pre-opening requirements	Sections 2 and 5 of Franchise Agreement Section 4 of Area Development Agreement	Item 11
d. Initial and ongoing training	Sections 6.B and 6.C of Franchise Agreement	Item 7 and 11
e. Opening	Section 2 of Franchise Agreement Section 4 of Area Development Agreement	Item 11
f. Fees	Sections 8 and 10.C of Franchise Agreement Section 3.A of Area Development Agreement	Items 5, 6, and 7
g. Compliance with standards and policies/Operations Manual	Section 5 of Franchise Agreement Sections 2.D and 4.B.4 of Area Development Agreement	Item 11
h. Trademarks and proprietary information	Section 3 of Franchise Agreement Sections 2.A, 6.B and 8.C of Area Development Agreement	Item 13
i. Restrictions on products/services offered	Section 5 of Franchise Agreement	Item 16
j. Warranty and customer service requirements	Section 5.H-N of Franchise Agreement	None
k. Territorial development and sales quotas	Section 2.B and 5.M of Franchise Agreement Section 4 of Area Development Agreement	Item 12
l. Ongoing product/service purchases	Section 5 of Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 5 of Franchise Agreement	Item 11
n. Insurance	Section 9.C of Franchise Agreement	Item 7
o. Advertising	Section 7 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 9.B of Franchise Agreement Section 10.A of Area Development Agreement	Item 6

OBLIGATION	SECTION IN FRANCHISE AGREEMENT / AREA DEVELOPMENT AGREEMENT	ITEM IN DISCLOSURE DOCUMENT
q. Owner's participation/management/staffing	Sections 6.A and 6.D of Franchise Agreement Section 6.C of Area Development Agreement	Items 11 and 15
r. Records/reports	Section 8.J of Franchise Agreement	Items 6 and 11
s. Inspections/audits	Sections 5.F and 8.I of Franchise Agreement	Items 6 and 11
t. Transfer	Section 10 of Franchise Agreement Section 9 of Area Development Agreement	Item 17
u. Renewal	Section 4.B of Franchise Agreement	Item 17
v. Post-termination obligations	Sections 9.D and 13 of Franchise Agreement Section 8 of Area Development Agreement	Item 17
w. Non-competition covenants	Section 9.D of Franchise Agreement Section 6.D of Area Development Agreement	Item 17
x. Dispute resolution	Sections 11, 14.H-J and 14.K of Franchise Agreement Sections 10.I L of Area Development Agreement	Item 17
x. Other	None	Not Applicable

**ITEM 10
FINANCING**

Summary of Financing Offered

Item Financed [Source]	Amount Financed (70%)	Down Payment (30%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon-Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$34,500	\$14,700	5	Prime plus 5%	(See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon-Default/ Attorneys' Fees and court costs in collection action	Note-2

Summary of Financing Offered—Conversion Franchise

Item Financed [Source]	Amount Financed (80%)	Down Payment (20%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$31,200	\$7,800	5	Prime plus 5%	(See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

Summary of Financing Offered—Small Conversion Franchise or Veterans Initiative Franchise

Item Financed [Source]	Amount Financed (80%)	Down Payment (20%)	Term (Yrs.)	Apr %	Monthly Payment	Prepay Penalty	Security Required	Liability Upon Default	Loss Of Legal Right On Default
Initial Franchise Fee	\$25,200	\$8,800	5	Prime plus 5%	(See Note 1)	None	Franchise and Personal Guarantee	Loss of Franchise; Balance of Loan Accelerated Upon Default/ Attorneys' Fees and court costs in collection action	Note 2

~~Note 1—Equal monthly payments are based on prime rate plus 5% per annum fixed at the time of sale for five years with the adjustments for prime rate quarterly. Illustration: On September 30, 2023, the prime rate = 8.5%; finance rate = 13.5%. Monthly payment on \$34,500 = \$793.84. Monthly payment on \$31,200 = \$717.91. Monthly payment on \$25,200 = \$579.85. No additional finance fees are assessed to the monthly amounts due.~~

~~Note 2—With your approved credit, we may finance up to 70% of the Initial Franchise Fee for a Standard Franchise or up to 80% of the fee for a Conversion Franchise or a Veterans Initiative Franchise. The loan will be fully amortized over a five year period. If you are purchasing a Conversion Franchise, a Small Conversion Franchise, or a Veterans Initiative Franchise, your first payment will be due on the date you begin operations as a U.S. LAWNS franchisee. We charge annual interest on the outstanding principal balance at the prime interest rate, plus 5% per annum, with the prime rate adjusted quarterly. You are required to execute a Business Note and Security Agreement substantially in the form of Schedule C of the Franchise Agreement (“Business Note”) in our favor. The required security for the loan is all of the assets of your Business and a personal guarantee of the Business Note (substantially in the form attached to the Business Note) by you and your spouse or by all of the shareholders of your corporation (or equity holders of any other type of entity). The Business Note can be prepaid at any time without penalty. If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys’ fees if a collection action is necessary. We also have the right to terminate your Franchise Agreement if you do not make your note payments on time. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount the Business~~

~~Note to a third party who may be immune under the law to any defenses to payment you may have against us. All franchisees approved for financing agree to the same financing terms for the portion of the Initial Franchise Fee that is financed.~~

~~We presently do not guarantee any notes, leases or other obligations of our franchisees.~~

~~Currently, we have no practice or intent of selling, assigning or discounting to a third party any note, contract or other instrument that you execute. We and our affiliates do not receive any direct or indirect payments from any person for the placement of financing. We do not offer direct or indirect financing. We do not guarantee your note, lease or other obligation.~~

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

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

Pre-Opening Assistance

Before you commence operating your Business, we will:

1. Designate your Territory (Schedule A and Section 2.B of the Franchise Agreement).
2. Provide initial training as described in more detail in this Item 11 (Section 6.B of the Franchise Agreement).
3. Provide you with lists of Proprietary Products and approved suppliers (Section 5.C of the Franchise Agreement).
4. Loan you either a written copy or electronic copy of the Operations Manual, the current table of contents of which is in Exhibit GF. As of the date of this Disclosure Document, the Operations Manual contains 88 pages (Section 5.G of the Franchise Agreement).
5. Conduct pre-opening marketing on your behalf (Section 7.C of the Franchise Agreement).

~~— We will grant you rights to establish a specific number of U.S. Lawns Landscape Businesses with designated Territories if you sign an Area Development Agreement (Section 2.A of the Area Development Agreement).~~

Post-Opening Assistance

During the operation of your Business, we will:

1. Maintain the Marketing Fund (Section 7.A of the Franchise Agreement).
2. Provide updates to the lists of Proprietary Products and approved suppliers (Section 5.C of the Franchise Agreement).
3. Provide updates to the Operations Manual (Section 5.G of the Franchise Agreement).

4. Periodically inspect or review your Business to insure compliance with the Franchise Agreement (Section 5.F of the Franchise Agreement).

Computer System

You must purchase, use and maintain a personal computer system (the “Computer System”) as specified in the Operations Manual or otherwise by us in writing for use in connection with your Business. We will designate, and you must use certain computer software including, without limitation, the currently recommended version of QuickBooks. We estimate the cost for a computer to be \$1,000 to \$2,000. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may require, for which we estimate the annualized cost to be \$100 to \$200. We will have access to the Computer System and the information and data stored on and produced by the Computer System. At your cost and expense, you must subscribe to the U.S. LAWNS intranet web site, or successor system established. You must also maintain membership in a third-party internet service provider and/or network, which may be designated by us for the purpose of implementing, transmitting, collecting and maintaining any information or data exchange system. We reserve the right to have unlimited independent access to the information on the computer system. There are no contract limitations on our right to access the information. We have no contractual obligations to maintain, upgrade and update the Computer System, and there are no contractual limits on your obligation to maintain, upgrade and update the Computer System.

As of the date of this Disclosure Document, we charge an ongoing Technology Fee of ~~\$199~~\$299. We reserve the right to increase the monthly fee in the future as we add to, enhance or upgrade the technology. This monthly Technology Fee will cover the use of, maintenance and support for the software and other technology you are required to use. We also require you to use our designated CRM (customer relationship management) software in your business, with an annual subscription fee of \$250-\$450). You will also use the currently recommended version of QuickBooks with an annual cost between \$215 and \$400.

You must have Internet access with a form of high speed connection as we require and you must maintain a dedicated email account for the U.S. LAWNS Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require.

It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including but not limited to all data protection or security laws. This includes requiring that you take all steps, including but not limited to those related to visibility and management of your Business that are necessary to ensure that your business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. Our standards and specifications are described in the Franchise Agreement, the Operations Manual, and other written documents. We have the right, under the Franchise Agreement, to change the standards and specifications applicable to operation of the franchise, including standards and specifications for Approved Services and Products, equipment, signs, furnishings, supplies, fixtures, inventory, computer systems (hardware, software, applications, data network and internet connection minimum bandwidth capacities), privacy policies, encryption requirements, data and IT security policies - including implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies by written notice to you or through changes in the Operations Manual. We may issue our standards or specifications for goods and services, and changes to those standards and specifications, in writing directly to you or our approved supplier. You may incur an increased cost to comply with these changes at your own expense.

Advertising

As of the date of this Disclosure Document, you pay a monthly Marketing Contribution in an amount equal to the lesser of 2% of Gross Billings or a “Marketing Cap” of ~~\$550,650~~ per month to a marketing fund (the “Fund”) established by us. We reserve the right to increase the amount of the percentage you are required to pay and/or the Marketing Cap, upon 60 days’ notice, but in no event will the Marketing Contribution exceed 3% of Gross Billings (which means that we can increase the Marketing Cap of ~~\$550,650~~ up to an amount equal to 3% of Gross Billings, which means you may pay more than ~~\$550,650~~ depending on your Gross Billings). Other franchisees may contribute a different amount or at a different rate, depending on the franchise agreement they signed when they entered the system or other similar factors.

We administer the Fund. The Fund is not a trust or escrow account, and we do not have any fiduciary obligations with respect to the Fund. If all of the marketing fees are not spent in the fiscal year in which they accrue, the remaining amounts are retained in the Fund for use in the following years. We may use the Fund for various purposes, including, but not limited to: (1) salaries, benefits and any other payments made to employees/team members or any other individual or entity providing services to the Fund; (2) broadcast or print advertising; (3) the creation, development and production of advertising and promotional materials; (4) any marketing or related research and development; and (5) advertising and marketing expenses, including services provided by advertising agencies, public relations firms or other marketing, research or consulting firms or agencies, menu designs, customer incentive programs, sponsorships, marketing meetings and sales incentives, development of our website and intranet system, Internet access provider costs, subscriptions to industry newsletters or magazines, and administrative costs and salaries for marketing support personnel.

We determine the use of the monies in the Fund. We are not required to spend any particular amount on marketing, advertising or promotion in the area in which your Business is located. We oversee the advertising program and use the Fund to create marketing materials and conduct national, regional or local advertising as we determine appropriate. Although an advertising council does not exist, we do have the right to form, change or dissolve any advertising council. We do, however, utilize our Franchise Advisory Council (“FAC”) to serve in an advisory capacity only. FAC members are elected by franchisees in good standing. We have the right to form, change or dissolve the FAC. We will contribute to the Fund amounts equal to your required percentage for each similarly situated company-owned businesses in the same local marketing area. From time to time we may contribute to the Fund some amounts paid to us by outside suppliers. We will prepare an annual unaudited accounting of the Fund and will make it available for your review upon your written request. We may use an outside national, regional, or local advertising agency and we anticipate using local and regional media and the internet. We may be reimbursed for administrative costs and overhead incurred in administering the Fund. No portion of the Marketing Fund will be used primarily for the solicitation of franchise sales.

During our last fiscal year ending ~~September 30, 2023~~December 31, 2024, Fund income was spent in the following approximate amounts: ~~27~~25% on website management and digital marketing, ~~8~~23% on production, ~~36~~40% on sales support, ~~6~~and 12% on ~~employee recruiting support, and 23% on administration and miscellaneous~~administrative expenses.

In addition to the Fund contributions, you also must use your best efforts to promote and advertise your Business. You may only use your own marketing material if we have approved it before its use. We will notify you of our approval within 30 days after the marketing material is submitted. If we do not notify you of our approval within 30 days of the marketing material being submitted, then the marketing material will be deemed unapproved.

You must obtain our written approval of all promotional and marketing materials prior to their use.

Although we do not currently do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged in our sole determination.

Local Sales and Marketing

Within 90 days of completing initial training, you must hire a dedicated salesperson, an employee whose primary responsibility is to sell the Landscape Maintenance Services to commercial customers in the market verticals we serve. With our prior written permission, you may serve in this capacity; however, you must then hire a Designated Manager to manage the operational aspects of the Business.

Site Selection

You will select the site for your Business, subject to our approval. The factors we consider in approving your site are whether the site is located within your Territory and whether it meets zoning requirements. We will attempt to approve or disapprove your selected site within 10 business days after you submit the location to us for approval. We do not assist you in conforming the site to ordinances and codes. There are no consequences if you and we can't agree upon the location, except that the Business cannot be operational.

~~If you enter into an Area Development Agreement, we will approve sites for additional franchised business using our then current site criteria.~~

Time of Opening

The typical length of time between the signing of the Franchise Agreement and the opening of the Business is between 30-60 days. You must complete the initial training before opening your Business. Other factors that affect how quickly you can open your Business include the training schedule, your ability to obtain necessary financing, any local requirements for permits or licenses.

~~If you enter into an Area Development Agreement, we and you will have agreed to a number of Territories and a development schedule which identifies the number of U.S. LAWNS Landscape Businesses you will develop, and the time frame and the Territories in which the U.S. LAWNS Landscape Businesses will be developed. You must sign a Franchise Agreement before you begin operating the U.S. LAWNS Landscape Business under an Area Development Agreement.~~

Training

We provide a training program for our franchisees. Before the opening of the Business, you must have successfully completed our training program. If you plan to use a manager as a primary operator of the business rather than you as the owner-operator, then your manager must also successfully complete our training program. The initial training is approximately 5-6 days. The training program is scheduled approximately one month before opening of your Business at a time designated by us. The program will be held at our offices in Orlando, although parts of the training program may also be conducted virtually or in the field. The following chart outlines our initial training program.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Franchise System	2	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Support Programs	4	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Products/ Services	3	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Marketing and Sales	14	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Customer Service	2	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Personnel	1	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Financial Management	4	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Office Administration	1	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Computer Operations	3	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Safety	1	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Equipment Operations	*	*	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
Follow up Training in the Subjects Listed Above	0	15	Orlando, FL, Your Location and/or Webinar/Video-Conference Distance Learning
TOTAL HOURS	35	15	

Instructors are Ken Hutcheson, David Wells, ~~Michael Wood, Melissa Fry~~ Joseph Greene, Pam Dolan, Steve Gold, Jay Todd, ~~Benjamin Lively, Carol Beeler, and Norbert Nicholas, Stacy Leger,~~ John Steeves, and Sevdalina Carr. Ken Hutcheson has over 30 years' experience in the industry and joined U.S. Lawns in 1995. David Wells has been involved with franchising and franchise training for over 20 years and joined U.S. Lawns in 2018. ~~Michael Wood~~ Joseph Greene has ~~been part of the landscape and snow industry for over 30 years~~ 16 years' experience in accounting and joined U.S. Lawns in ~~2017~~ 2018. ~~Melissa Fry has over 21 years' experience in the industry and joined U.S. Lawns in 2017~~ 2018. Pam Dolan has over 30 years' experience in the industry and joined U.S. Lawns in 1999. Steve Gold has over ~~28~~ 30 years' experience in the industry and joined U.S. Lawns in 2017. Jay Todd has over ~~28~~ 30 years' experience in the

industry and joined U.S. Lawns in 2018. ~~Benjamin Lively has over 20 years' experience in sales and joined U.S. Lawns in 2016. Carol Beeler~~Norbert Nicholas has over 39 years' experience in ~~the industry~~sales and ~~joined U.S. Lawns in 2022.~~ Stacy Leger has over 13 years' experience in marketing and joined U.S. Lawns in ~~2009~~2024. John Steeves has over ~~12~~13 years' experience in the industry and joined U.S. Lawns in 2014. ~~Sevdalina Carr has one year of experience in the industry and joined U.S. Lawns in 2024.~~ Generally, the instructors will conduct the training using specified lectures, presentations, our Operations Manual and other supplemental material.

In addition to the initial training program, you must attend, at your expense, all annual franchise conventions and all meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences. Although we do not currently do so, we reserve the right to charge you a fee to attend any franchise conventions, meetings, programs or other trainings we require. You are responsible for all travel and living expenses for people from your organization that attend such conventions, meetings, programs, and training sessions. As of the date of this Disclosure Document, we may conduct such conventions, meetings, programs or trainings remotely/virtually. Therefore, you may not incur any travel expenses if such events are done remotely/virtually.

Any training provided by us to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the U.S. LAWNS system. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training.

Our Obligations Under the Area Development Agreement

~~Except as described above, we do not have additional obligations under the Area Development Agreement.~~

ITEM 12 TERRITORY

Franchise Agreement

A geographic territory (the "Territory") will be identified in Schedule A to the Franchise Agreement when you sign it. The location of your Territory will be decided on by discussions between you and us. The size of your Territory will be based upon the opportunities within the Territory to provide landscape maintenance services. The minimum territory will be a ten mile radius from the center point. You will have protected rights within your Territory to provide Landscape Maintenance Services (as defined in Item 1 and the Franchise Agreement) under the U.S. Lawns marks. During the term of the Franchise Agreement and provided you are in compliance with the Franchise Agreement, we will not, without your consent (i) modify the Territory without your written permission, or (ii) establish either a company-owned or franchised Lawns Landscape Business within the Territory under the U.S. Lawns Marks or provide Landscape Maintenance Services using the U.S. Lawns Marks within your Territory, and we will not license others to do so (except as described with respect to Regional Accounts below in this Item 12), although we or another franchisee may from time to time service particular customers in the Territory in the event you are unable or unwilling for whatever reason to meet the service needs of those customers, all as set forth in the Operations

Manual. We do retain the right to use other channels of distribution (e.g. the Internet, catalog, telemarketing, direct marketing) inside your Territory using our Marks or other trademarks. We do not have to pay you for exercising our rights, which includes soliciting or accepting orders in your Territory for Regional Accounts or instances where you are unable or unwilling to meet the service needs of customers. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, from other channels of distribution or competitive brands that we control.

We retain all rights that are not expressly granted to you under the Franchise Agreement. We and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein: (i) establish and/or license others to establish franchised or company-owned U.S. Lawns businesses at any location outside the Territory regardless of the proximity of such business to your Territory; (ii) advertise, market, promote and provide any goods and services under trademarks, service marks, trade names and other commercial symbols other than the Marks, at any location, within or outside the Territory, and to solicit prospective customers, including Property Management Companies, for such goods and services wherever they may be located; (iii) merge with, acquire or become acquired by any businesses, including competitive businesses, which businesses operate under trademarks other than the U.S. Lawns Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your U.S. Lawns Business, and which may be located anywhere inside or outside the Territory; and (iv) except for the limited rights granted to you in Section 2.B, sell and distribute for ourselves and/or license others to sell and distribute within and outside the Territory, products or services the same as or different from the products and services offered from your U.S. Lawns Business, and which are offered and distributed under marks different than the Marks.

You may not solicit or accept orders from outside your Territory without our prior consent, or use other channels of distribution such as the Internet, catalog sales, telemarketing, or direct marketing to make sales outside your Territory with our consent or without adherence to our policies and procedures. ~~As you develop additional business under the Area Development Agreement, we will approve sites for these additional businesses using our then current site criteria.~~

If you do not meet minimum annual Gross Billings, we have the right to terminate the Franchise Agreement. The minimum annual Gross Billings are: (1) \$50,000 for the first year of operation; (2) \$100,000 for the second year of operation; and (3) \$200,000 for the third year of operation and each subsequent year. You do not receive the option to acquire additional franchises unless you sign another franchise agreement ~~or an Additional Territory Option Agreement~~ with us.

~~Option Agreement~~

~~———— If you request, we may grant you an option to develop an additional U.S. Lawns Landscape Business in a specific geographic area (the “Option Territory”). You must sign an Additional Territory Option Agreement in the form attached as Schedule J to the Franchise Agreement which contains the terms of the option, including a description of the Option Territory, the time within which you must exercise the option (the “Option Period”), and your rights during the Option Period. You must pay a non-refundable \$5,000 option fee when you sign the Additional Territory Option Agreement. The Option Period will be for 12 months. If you elect to exercise your option by signing a new Franchise Agreement, you must pay us the then current initial franchise fee when you sign the new Franchise Agreement and after you have received any required Franchise Disclosure Document in connection with the new Franchise Agreement.~~

~~Area Development Agreement~~

~~———— If you sign an Area Development Agreement with us, you will receive certain protected rights to develop more than one U.S. Lawns Landscape Business within designated Territories described in Appendix C attached to the Area Development Agreement. As further described in the following paragraph, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets we own, or from other channels of distribution or competitive brands that we control. We will not develop or operate or grant a franchise to operate a U.S. Lawns Landscape Business in the Designated Area so long as you are in compliance with the Development Schedule set forth in the Area Development Agreement.~~

~~We and our affiliates expressly reserve the exclusive, unrestricted right, directly and indirectly, and through licenses and franchisees to: (i) establish and/or license others to establish franchised or company-owned U.S. Lawns businesses at any location outside the Territory regardless of the proximity of such business to your Territory; (ii) advertise, market, promote and provide any goods and services under trademarks, service marks, trade names and other commercial symbols other than the Marks, at any location, within or outside the Territory, and to solicit prospective customers, including property management companies, for such goods and services wherever they may be located; (iii) merge with, acquire or become acquired by any businesses, including competitive businesses, which businesses operate under trademarks other than the U.S. Lawns Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your U.S. Lawns Business, and which may be located anywhere inside or outside the Territory; and (iv) sell and distribute for ourselves and/or license others to sell and distribute within and outside the Territory, products or services the same as or different from the products and services offered from your U.S. Lawns Business, and which are offered and distributed under marks different than the Marks.~~

~~We do retain the right to use other channels of distribution (e.g. the Internet, catalog, telemarketing, direct marketing) inside your Territory using our Marks or other trademarks. We do not have to pay you for exercising our rights, which includes soliciting or accepting orders in your Territory for Regional Accounts or instances where you are unable or unwilling to meet the service needs of customers. You may not solicit or accept orders from outside your Territory without our prior consent, or use other channels of distribution such as the Internet, catalog sales, telemarketing, or direct marketing to make sales outside your Territory with our consent or without adherence to our policies and procedures.~~

Regional Accounts

We have the right to solicit Regional Accounts wherever located. In order to enable us to negotiate special arrangements involving Regional Accounts, including responding to requests for proposals (“RFP”) involving locations which may or may not be in your Territory, at our request, you must promptly evaluate the applicable Regional Account location(s) located within your Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Regional Account (each a “Bid Package”). If we accept the Bid Package, you must honor your proposal and sign all agreements and other documents and instruments as we and the Regional Account may require to fulfill the agreed on contract terms (“Regional Account Agreement”). We will give you the first opportunity to submit a Bid Package on each proposed Regional Account location which is within your Territory and to perform Landscape Maintenance Services to Regional Account locations located in your Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services or cause other owners or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request, or if we determine that the Bid Package submitted by you is likely to be rejected by the Regional Account; (b) we reject your Bid Package or if the Regional

Account notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Regional Account Agreement; (d) you, at the time of the issuance of the RFP or submission of the Bid Package, are in default of your obligations or under any other agreement with us, or under any other Regional Account Agreement to which you are party; or (e) you are, in our judgment exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Regional Account Agreement requirements or to perform the services as required. We may, but are not obligated to, compensate you for Landscape Maintenance Services performed by us, our affiliates or other owners or contractors for Regional Account locations located in your Territory in such amounts (if any) as we determine.

We or an affiliate may charge a management fee to offset the sales and administrative expenses of processing and managing Regional Accounts. We reserve the right to modify the Regional Accounts Program from time to time.

We may, but are not obligated to, compensate you for Landscape Maintenance Services performed by us, our affiliate or another franchisee or contractor for Regional Account locations which are located within your Territory in such amounts (if any) as we determine.

In addition to the Regional Accounts program, as it may be modified from time to time, an affiliate of ours may offer you subcontract work in accordance with its then-current procedures for servicing Centrally Managed Accounts. For purposes of this Agreement, the term “Centrally Managed Accounts” refers to customer accounts for multi-site, geographically dispersed real estate portfolios utilizing a network of subcontractors to perform the services. Our affiliates are not obligated to provide you with any subcontract work and may offer such work to your competitors.

~~Certain of the Affiliated Programs described in Item 1, and other portfolio companies that currently are or in the future may be owned by investment funds managed by our affiliates, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, and their trademarks. As noted in Item 1, all of these affiliated franchise brands have different management from us, a different principal business address from us, and different training facilities from our offices. As of the date of this Disclosure Document, none of these Affiliated Programs are direct competitors of our franchise network given the products or services they sell in the United States. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers in your territory. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates’ franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.~~

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**ITEM 13
TRADEMARKS**

Under the Franchise Agreement, we grant you the nonexclusive right to use the Marks in connection with the operation of your Business. The following Marks are registered upon the Principal Registry of the United States Patent and Trademark Office:

Mark	Registration No.	Date of Registration
	1,475,402	February 9, 1988
	1,596,756	May 15, 1990
US LAWN	1,980,654	June 18, 1996
	2,937,423	April 5, 2005
U.S. LAWNS	3,047,863	January 24, 2006
	3,152,508	October 10, 2006
NATIONAL STRENGTH, LOCAL COMMITMENT	3,219,575	March 20, 2007
YOUR IMAGE IS EVERYTHING TO US	3,751,579	February 23, 2010
IMPROVE YOUR COMMUNITY. IMPROVE YOUR LIFE.	4,769,230	July 7, 2015
YOUR TURF. OUR LAWN.	4,769,231	July 7, 2015
	4,944,158	April 26, 2016
CONSERVING THE NATURE OF YOUR BRAND	5,086,920	November 22, 2016
BETTER PAY IS ONLY THE BEGINNING	5,787,509	June 25, 2019

We claim common law trademark rights for all of the Marks. We have filed or intend to file all required affidavits and renewals for the Marks noted above.

Your use of the Marks and any goodwill is to our exclusive benefit, and you retain no rights in the Marks. You also retain no rights in the Marks upon expiration or termination of your Franchise Agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Marks unless we direct in writing. We may change the System presently identified by the Marks, including the adoption of new Marks, new products, new services, or new techniques, and you must adopt the changes in the System as if they were part of the Franchise Agreement at the time of its execution. If we notify you to discontinue or modify your use of any Mark, you have no rights under the Franchise Agreement to object

to that change and you must comply within a reasonable time, at your expense.

There are currently no material determinations of the U.S. Patent and Trademark Office (“USPTO”), the Trademark Trial and Appeal Board, or any state trademark administrator or court; or any pending infringement, opposition, or cancellation proceedings involving the principal Marks. There is no pending material federal or state court litigation regarding our use or ownership rights in any trademark.

There are no currently effective agreements that significantly limit our rights to use or license the use of these trademarks.

We will protect your right to use the Marks against claims of infringement or unfair competition arising out of your proper use of the Marks. You must promptly notify us of the use of, or claim of rights to, a trademark identical or confusingly similar to our Marks, or of any use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. We have the right to determine whether or not we will take affirmative action when notified of these uses or claims and the right to exclusively control any litigation or proceedings. You are required to assist us, without compensation, in the prosecution of such litigation or proceedings. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of the Franchise Agreement, in which case you must pay us for our costs and expenses.

We know of no superior prior rights or infringing uses that could materially affect your use of the trademarks in the state where your franchise business will be located.

~~You do not receive any right under the Area Development Agreement to use the Marks. Those rights are granted only under the Franchise Agreement.~~

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

As of the date of this Disclosure Document, we do not own any rights in or to any patents, patent applications or copyrights that are material to the franchise. We claim copyright protection for our Operations Manual and other publications and promotional materials, although we have not registered any of the materials with the U.S. Copyright Office. These materials are considered proprietary and confidential and are considered our property and may be used by you only as provided in the Franchise Agreement, Operations Manual, and other communications that we provide to you. We reserve the right to register any of our copyrighted materials at any time we deem appropriate.

There currently are no effective determinations of the Copyright Office (Library of Congress), USPTO, Board of Patent Appeals & Interferences, or any court, or any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any patents or copyrights.

There are no agreements in effect that significantly limit our right to use or license the copyrighted materials. We are not required by any agreement to protect or defend any patent, trademark, or copyright.

We know of no superior prior rights or infringing uses that could materially affect your use of the copyrights in the state where your franchise business will be located.

All ideas, concepts, techniques, or materials concerning the operation of a U.S. LAWNS business, whether or not protectable intellectual property and whether created by or for you or your owners 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~~ During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to methods of lawn care and related services; information regarding the setup of an Franchised Business; information about proprietary merchandise; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, equipment layout, and lighting; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; merchandise sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the of operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the “Confidential Information”). You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it to operate the Franchised Business. Certain additional information, including all data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, rates charged to customers and customer contracts and status information (collectively “Customer Information”), as well as sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. All information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy to protect our trade secrets and Confidential Information. You are prohibited from disclosing Customer Information and our other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open AI models or any other AI model that uses such information to train the AI unless specifically authorized by us, and you must adhere to any privacy policies we may now, or in the future, establish with respect to Customer Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process, or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process, or improvement in all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any concept, process, or improvement. If these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process, or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

~~You may not use our Confidential Information~~ in an unauthorized manner. You must take reasonable steps to prevent improper disclosure to others and use non-disclosure and non-competition

agreements with those having access. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

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

You do not have to participate personally in the direct operation of the Business, even though we recommend that you do. You or one or more of your employees must successfully complete the initial training program. You must keep the Business under the direct full-time supervision of you or of a trained and competent manager who has completed our training program or equivalent training to our satisfaction, although the manager is not required to have any ownership or equity interest in your entity or the Business. You must keep us informed at all times of the identity of any supervisory employee acting as regular manager of the Business. Any individual who attends our initial training program and will serve in a general manager role will be required to sign a confidentiality/non-competition agreement (Schedule E to the Franchise Agreement).

You and your owners must sign a personal guarantee, the form of which is attached to the Franchise Agreement. ~~If you have entered into an Area Development Agreement, you and your owners must sign a personal guarantee, the form of which is attached to the Area Development Agreement.~~ Your spouse does not need to sign a personal guarantee of a confidentiality/non-competition agreement unless the spouse is an owner or actively involved in the operation of the Business.

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

You may provide Landscape Maintenance Services to any customer in your Territory. You must meet our requirements when operating your Business. You may not sell any product or service which we have not approved in advance. You may not use the Business office or warehouse for any purpose other than the operation of the U.S. LAWNS business. During each season of the year, you must offer all products and services which we have authorized. We may change the types of authorized products and services, and there is no limit on our ability to make these changes. You do not have to offer services which we have classified as “optional services.” You must purchase only materials and supplies which meet our requirements.

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

THE FRANCHISE RELATIONSHIP

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

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 4.A	10 years
b. Renewal or extension	Section 4.B	Two renewal terms of 10 years each.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for you to renew or extend	Section 4.B	Sign new agreement (that new agreement may contain terms different from your current agreement, including higher fees); pay the renewal fee; you are not in default, including payment of amounts owed and have satisfied all monetary and material obligations on a timely basis and you are in good standing; you complete any current training requirements; and you sign a release of claims in a form we prescribe. <u>(subject to applicable state law)</u>
d. Termination by you	Section 12.C	If we have materially failed to comply and do not cure within 30 days of notice, subject to state <u>or under any grounds permitted by law</u> .
e. Termination by us without cause	None	Not applicable
f. Termination by us with cause	Section 12.B	We can terminate only if you default or fail to comply with your obligations. <u>(subject to applicable state law)</u>
g. "Cause" defined-curable defaults	Section 12.B	<p>You have 10 days to cure the non-submission of reports and non-payment of amounts due and owing; and 30 days to cure defaults for the failure to abide by our standards and requirements in connection with the operation of your Business, or failure to meet any requirements or specifications established by us, and any other default not listed in (h) below.</p> <p>You have 30 days to cure defaults not listed in (h) below.</p> <p><u>(subject to applicable state law)</u></p>

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined-non-curable defaults	Section 12.B	Non-curable defaults include: any material misrepresentation or omission in your franchise application for a franchise or other reports or information, abandonment, unauthorized use of confidential information, your insolvency, unapproved assignments or transfers, defaults that materially impair the goodwill associated with any of the Marks, criminal convictions, intentionally understating or underreporting Gross Billings or other fees, multiple defaults or failure to cure within 24 hours of notice a default which violates any health, safety or sanitation law. <i>(subject to applicable state law)</i>
i. Your obligations on termination/nonrenewal	Section 13	Cease operating Business, cease use of system and Marks, cancel assumed or similar name registrations, return materials, change telephone number or de-identify, and pay outstanding amounts. <i>(subject to applicable state law)</i>
j. Assignment of contract by us	Section 10.G	No restriction on our right to assign.
k. "Transfer" by you-defined	Section 10.A	Includes transfer of any right or interest in the Agreement or you, the franchisee entity. <i>(subject to applicable state law)</i>
l. Our approval of transfer by franchisee	Sections 10.B, 10.C and 10.D	We have the right to approve all transfers. <i>(subject to applicable state law)</i>
m. Our approval of transfer by you	Sections 10.B, 10.C and 10.D	Transferee meets all of our then-current requirements for new franchisees, transfer fee and any applicable training <i>or resale assistance</i> fee paid, all amounts owed by prior franchisee paid, training completed, transferee executes then current form of franchise agreement (modified to reflect that agreement relates to a transfer), required guarantees signed, necessary financial reports and other data on franchise business is prepared, release signed by you, full compliance of your obligations under all Franchise Agreements executed between you and us, and other conditions that we may reasonably require from time to time as part of our transfer policies. <i>(subject to applicable state law)</i>
n. Our right of first refusal to acquire your Business	Section 10.F	We have right to match offer.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
o. Our option to purchase your Business	Section 13.B	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Business, including the equipment, fixtures, signs, supplies, and inventory. <u>(subject to applicable state law)</u>
p. Your death or disability	Section 10.E	You can transfer your franchise rights to your heir or successor in interest like any other transfer, provided the person satisfies our training requirements and other transfer conditions. <u>(subject to applicable state law)</u>
q. Non-competition covenants during the term of the franchise	Sections 9.D	No involvement in any landscape maintenance business anywhere. <u>(subject to applicable state law)</u>
r. Non-competition covenants after the franchise is terminated or expires	Section 9.D	No interest for 2 years in any landscape maintenance business within the Territory, within 50 mile radius of Territory, or inside territory of other U.S. LAWNS business. <u>(subject to applicable state law)</u>
s. Modification of the agreement	Sections 14.B	No modifications without writing, but the Operations Manual, specifications and procedures can be changed.
t. Integration/merger clause	Section 14.B	Only terms of Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Franchise Agreement or this Disclosure Document may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 11	Except for certain claims (including any action related solely to the collection of moneys owed to us or our affiliate), all disputes must be mediated and arbitrated. <u>(subject to applicable state law)</u>
v. Choice of forum	Section 14.I	Litigation must be in the applicable federal or state court where our headquarters are located (currently, Orlando, Florida) (subject to state law).
w. Choice of law	Section 14.H.1	Except for claims under federal trademark law, and the parties' rights under the Federal Arbitration Act, the laws of the state of Florida will govern (subject to state law).

~~This table lists important provisions of the Area Development Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document as Exhibit C.~~

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
a. Length of the franchise term	Section 5	Term expires on the date that your last U.S. Lawns Business is scheduled to be opened under the Development Schedule
b. Renewal or extension	Not applicable	Not applicable
c. Requirements for you to renew or extend	Not applicable	Not applicable
d. Termination by you	Not applicable	You may terminate under any grounds permitted by applicable law
e. Termination by us without cause	Not applicable	Not applicable
f. Termination by us with cause	Section 7.B	We can terminate only if you default or fail to comply with your obligations.
g. "Cause" defined curable defaults	Section 7.B	You have 30 days to cure a final judgement that is unsatisfied of record, any suit to foreclose any lien or mortgage any your premises or equipment, and any other default not listed in (h) below.
h. "Cause" defined non curable defaults	Section 7.B	Non curable defaults include: your insolvency, failure to meet the Development Schedule, unauthorized use of confidential information or termination of any of your franchise agreements with us.
i. Your obligations on termination/nonrenewal	Section 8	Lose all rights to open U.S. Lawns Landscaping Business, cease use of system and Marks (except under any franchise agreement that remains valid), return materials, change telephone number or de-identify, and pay outstanding amounts.
j. Assignment of contract by us	Section 9.A	No restriction on our right to assign.
k. "Transfer" by you defined	Section 9.B	Includes transfer of any right or interest in the Agreement or you, the franchisee entity.

PROVISION	SECTION IN AREA DEVELOPMENT AGREEMENT	SUMMARY
l. — Our approval of transfer by franchisee	Section 9.B	We have the right to approve all transfers.
m. — Our approval of transfer by you	Section 9.B	Transferee meets all of our then-current requirements for new franchisees and assumes your development obligations, including payment of any remaining fees.
n. — Our right of first refusal to acquire your Business	Not applicable	Not applicable
o. — Our option to purchase your Business	Section 8.F	Upon termination, we have the right (but not the obligation) to purchase or designate a third party that will purchase all or any portion of the assets of your Business, including the equipment, fixtures, signs, supplies, and inventory.
p. — Your death or disability	Not applicable	Not applicable
q. — Non-competition covenants during the term of the franchise	Section 6.D.2	No involvement in any landscape maintenance business in the development Territory.
r. — Non-competition covenants after the franchise is terminated or expires	Section 6.D.3	No interest for 2 years in any landscape maintenance business within the development Territory, within 50 mile radius of the development Territory, or inside territory of other U.S. LAWNS business.
s. — Modification of the agreement	Sections 11.C	No modifications without writing, but the Operations Manual, specifications and procedures can be changed.
t. — Integration/merger clause	Section 11.C	Only terms of Area Development Agreement are binding (subject to state law). Any representations or promises made outside the Area Development Agreement or this Disclosure Document may not be enforceable. Nothing in the Area Development Agreement or any related agreement is intended to disclaim our representations made in this Disclosure Document.
u. — Dispute resolution by arbitration or mediation	Section 10	Except for certain claims (including any action related solely to the collection of moneys owed to us or our affiliate), all disputes must be mediated and arbitrated
v. — Choice of forum	Section 11.J	Litigation must be in the applicable federal or state court where our headquarters are located (currently, Orlando, Florida) (subject to state law).
w. — Choice of law	Section 11.I.1	Except for claims under federal trademark law, the laws of the state of Florida will govern (subject to state law).

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

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

~~Part I of this~~ This Item 19 presents historical unaudited information about ~~186~~171 franchised territories (~~"Franchised Territories"~~) that were open and continuously operating from ~~October~~January 1, ~~2022~~2024, through ~~September 30, 2023~~December 31, 2024 (the ~~"2024~~2022-2023 Accounting Period~~"~~"). As the end of the ~~2024~~2022-2023 Accounting Period, there were ~~208~~210 Franchised Territories open and operating in the United States. Of the ~~2239~~ Franchised Territories excluded from the tables in ~~Part I of this~~ Item 19, ~~912~~ Franchised Territories are excluded because the U.S. Lawns Landscape Businesses for such territories were not continuously operating for the full ~~2024~~2022-2023 Accounting Period and are pending formal termination, ~~814~~ Franchised Territories are excluded because the franchisee reports were not submitted in a complete and timely fashion for inclusion in ~~Part I of this~~ Item 19, and ~~513~~ Franchised Territories are excluded from ~~Part I of this~~ Item 19 because the U.S. Lawns Landscape Business for such territory commenced operations during the ~~2022-2023~~2024 Accounting Period and was open less than the full 12-month ~~2024~~2022-2023 Accounting Period. In addition, ~~614~~ Franchised Territories closed during the ~~2024~~2022-2023 Accounting Period and are not included in this Item 19. ~~Of the 6 that closed during the 2021-2022 Accounting Period, none were closed after being open for less than 12 months.~~

~~Part II of this Item 19 presents historical unaudited information about 196 franchised territories ("Franchised Territories") that were open and continuously operating from October 1, 2021, through September 30, 2022 (the "2021-2022 Accounting Period"). As the end of the 2021-2022 Accounting Period, there were 209 Franchised Territories open and operating in the United States. Of the 13 Franchised Territories excluded from the tables in Part II of this Item 19, 4 Franchised Territories are excluded because they U.S. Lawns Landscape Businesses for such territories were not continuously operating for the full 2021-2022 Accounting Period and are pending formal termination, 8 Franchised Territories are excluded because the franchisee reports were not submitted in a complete and timely fashion for inclusion in Part I of this Item 19, and 1 Franchised Territory is excluded from Part II of this Item 19 because the U.S. Lawns Landscape Business for such territory commenced operations during the 2021-2022 Accounting Period and was open less than the full 12-month 2021-2022 Accounting Period. In addition, 14 Franchised Territories closed during the 2021-2022 Accounting Period and are not included in this Item 19. Of the 14 that closed during the 2021-2022~~2024 Accounting Period, none were closed after being open for less than 12 months.

All amounts are shown in U.S. dollars.

PART I – 2022-2023 ACCOUNTING PERIOD DATA

STATEMENT OF AVERAGE AND MEDIAN GROSS SALES

The following Tables ~~1AA~~ and ~~1BB~~ present unaudited information about the average and median Gross Sales of the ~~186171~~ Franchised Territories that were open and continuously operating for the ~~2022-2023~~2024 Accounting Period.

As used in this Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Franchised Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Sales information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

TABLE

~~As used in this Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Franchised Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Sales information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.~~

A

TABLE 1A
GROSS SALES OF THE ~~186171~~ FRANCHISED TERRITORIES
OPEN THE ENTIRE 2024 ACCOUNTING PERIOD

<u># of Full Calendar Years</u>	<u>Average Gross Sales</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
1+	\$1,391,588	\$9,293,049	\$975,915	\$26,269	58 / 34%	113 / 66%	86 / 50%	85 / 50%

TABLE ~~2022-2023B~~
GROSS SALES BY “TIME PERIOD” OF THE 171 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2024 ACCOUNTING PERIOD

<u># of Full Calendar Years</u>	<u>Average Gross Sales</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
1+	\$1,188,352	\$8,884,545	\$866,770	\$27,293	63 / 34%	123 / 66%	93 / 50%	93 / 50%

TABLE 1B
GROSS SALES BY “TIME PERIOD” OF THE 186 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2022-2023 ACCOUNTING PERIOD

# of Full Calendar Years	Average Gross Sales	High	Median	Low	Number & % Above Average	Number & % Below Average	Number & % Above Median	Number & % Below Median
5+	\$1,327,765 464,098	\$8,884,5459, 293,049	\$942,9109 82,856	\$27,2942 6,269	50 / 3447 / 31%	97 / 66104 / 68%	7376 / 50%	7475 / 50%
3-4	\$692,2611, 024,924	\$2,816,3361 36,283	\$586,8459 94,664	\$49,1202 26,811	14 / 396 / 43%	22 / 618 / 57%	187 / 50%	187 / 50%
1-2	\$310,19642 2,314	\$700,7601,5 46,695	\$176,6982 09,600	\$53,1281 17,525	1 / 3317%	2 / 675 / 83%	2 / 673 / 50%	1 / 333 / 50%

Footnotes to Tables 2AA and 2BB

Number of Full Calendar Years – The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer.

- (1) ~~Number of Full Calendar Years~~ – The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. Table 1AA includes all 186171 Franchised Territories open the entire 2022-20232024 Accounting Period regardless of the number of full calendar years in operation. -Table 1BB includes all 186171 Franchised Territories and is separated by the number of full calendar years in operation.
- (2) Gross Sales – As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.
- (3) Average Gross Sales – In the above charts, Average Gross Sales is defined by the total Gross Sales of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) Median – This is the Median Gross Sales amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an odd number of Franchised Territories were averaged.
- (5) High – Discloses the highest Gross Sales from a Franchised Territory within each time period.

- (6) Low – Discloses the lowest Gross Sales from a Franchised Territory within each time period.
- (7) Number & % Above Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales met or exceeded the Average Gross Sales.
- (8) Number & % Below Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Average Gross Sales.
- (9) Number & % Above Median – Refers to the number percentage of Franchised Territories for each time period whose Gross Sales met or exceeded Median Gross Sales.
- (10) Number & % Below Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Median Gross Sales.

STATEMENT ON AVERAGE AND MEDIAN GROSS SALES BY QUARTILE

The following Table ~~1CC~~ presents unaudited information about the average and median Gross Sales of the ~~186171~~ Franchised Territories that were open and continuously operating during the ~~2022-2023~~2024 Accounting Period. ~~186171~~ Franchised Territories are represented and divided into quartiles based on Gross Sales. The quartiles were derived by taking the ~~186171~~ Franchised Territories and dividing them into four evenly-sized groups, with the Franchised Territories achieving the highest Gross Sales being in the fourth quartile, the next highest being in the third quartile, and so forth.

TABLE ~~1CC~~
GROSS SALES BY QUARTILE OF THE ~~186171~~ FRANCHISED TERRITORIES
OPEN FOR MORE THAN ONE YEAR AND THE ENTIRE ~~2022-2023~~2024 ACCOUNTING
PERIOD

Quartile	First Quartile	Second Quartile	Third Quartile	Fourth Quartile	All Quartiles
Average Gross Sales	\$2,825,7873,282,278	\$1,123,692306,483	\$613,936725,777	\$203,885295,786	\$1,188,352-391,588
High	\$8,884,5459,293,049	\$1,471,814759,269	\$859,246975,915	\$374,906468,250	\$8,884,5459,293,049
Low	\$1,473,765806,822	\$866,770982,018	\$387,755471,500	\$27,29426,269	\$27,293-26,269
Median	\$2,243,116438,944	\$1,118,865242,728	\$610,295699,056	\$214,226302,488	\$866,770- \$975,915
Number of Territories	4642	4743	4743	4643	186171
Number / % Above Average	13 / 2831 %	21 / 4519 / 44 %	21 / 4549 %	25 / 5422 / 51 %	6358 / 34 %
Number / % Below Average	33 / 7229 / 69 %	26 / 5524 / 56 %	26 / 5522 / 51 %	21 / 4648 %	123113 / 66 %
Number / % Above Median	2321 / 50 %	23 / 4922 / 51 %	23 / 4922 / 51 %	23 / 5022 / 51 %	9386 / 50 %
Number / % Below Median	2321 / 50 %	24 / 5121 / 49 %	24 / 5121 / 49 %	23 / 5021 / 49 %	9385 / 50 %

- (1) Gross Sales – As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.
- (2) Average Gross Sales – In the above chart, Average Gross Sales is defined by the total Gross Sales of the Franchise Territory in each quartile during the ~~2022-2023~~2024 Accounting Period divided

by the number of Franchised Territories in each quartile. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.

- (3) Median – This is the Median Gross Sales amount for each quartile of Franchised Territories in the chart above. In calculating the median for the Franchised Territories in the table above, the two central amounts for an odd number of Franchised Territories were averaged.
- (4) High – Discloses the highest Gross Sales from a Franchised Territory within each quartile.
- (5) Low – Discloses the lowest Gross Sales from a Franchised Territory within each quartile.
- (6) Number & % Above Average – Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales met or exceeded the Average Gross Sales for the relevant quartile.
- (7) Number & % Below Average – Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales were less than the Average Gross Sales for the relevant quartile.
- (8) Number & % Above Median – Refers to the number percentage of Franchised Territories for each quartile whose Gross Sales met or exceeded Median Gross Sales for the relevant quartile.
- (9) Number & % Below Median – Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales were less than the Median Gross Sales for the relevant quartile.

STATEMENT OF AVERAGE AND MEDIAN GROSS PROFITS

The following Tables ~~FDD~~ and ~~FEE~~ present unaudited information about the average Gross Profit of the ~~186171~~ Franchised Territories that were open and continuously operating during the ~~2022-2023~~2024 Accounting Period. As used in this Item 19, the term “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms). We obtained this Gross Profit information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Profit information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

TABLE ~~1DD~~
GROSS PROFITS BY OF THE ~~186171~~ FRANCHISED TERRITORIES
OPEN THE ENTIRE ~~2022-2023~~2024 ACCOUNTING PERIOD

<u># of Full Calendar Years</u>	<u>Average Gross Profit</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
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<u># of Full Calendar Years</u>	<u>Average Gross Profit</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
1+	\$406,438	\$3,517,790	\$260,481	(\$514)	52 / 28%	134 / 82%	93 / 50%	93 / 50%
1+	\$419,454	\$3,171,502	\$292,194	\$10,501	59 / 35%	112 / 65%	86 / 50%	85 / 50%

TABLE ~~1EE~~
GROSS PROFITS BY “TIME PERIOD” OF THE ~~186171~~ FRANCHISED TERRITORIES
OPEN THE ENTIRE ~~2022-2023~~2024 ACCOUNTING PERIOD

<u># of Full Calendar Years</u>	<u>Average Gross Profit</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
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<u># of Full Calendar Years</u>	<u>Average Gross Profit</u>	<u>High</u>	<u>Median</u>	<u>Low</u>	<u>Number & % Above Average</u>	<u>Number & % Below Average</u>	<u>Number & % Above Median</u>	<u>Number & % Below Median</u>
5+	\$449,612	\$3,517,790	\$286,034	\$4,111	40 / 27%	106 / 73%	73 / 50%	74 / 50%
3-4	\$249,846	\$905,813	\$174,501	(\$514)	15 / 42%	21 / 58%	18 / 50%	18 / 50%
1-2	\$170,041	\$394,416	\$98,175	\$17,532	1 / 33%	2 / 67%	2 / 67%	1 / 33%
5+	\$438,154	\$3,171,502	\$302,347	\$10,501	49 / 33%	102 / 67%	76 / 50%	75 / 50%
3-4	\$334,734	\$585,425	\$404,735	\$68,339	8 / 57%	6 / 43%	7 / 50%	7 / 50%
1-2	\$145,519	\$522,157	\$63,153	\$33,687	2 / 33%	4 / 67%	3 / 50%	3 / 50%

Footnotes to Tables ~~1DD~~ and ~~1EE~~

Number of Full Calendar Years – The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer.

- (1) Number of Full Calendar Years – The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to

~~Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. Table ~~HDD~~ includes all ~~186171~~ Franchised Territories open the entire ~~2022-2023~~2024 Accounting Period regardless of the number of full calendar years in operation. Table ~~HBE~~ includes all ~~186171~~ Franchised Territories and is separated by the number of full calendar years in operation.~~

- (2) Gross Profit – As referenced above, “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms).
- (3) Average Gross Profit – In the above charts, Average Gross Profit is defined by the total Gross Profits of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.
- (4) Median – This is the Median Gross Profit amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an odd number of Franchised Territories were averaged.
- (5) High – Discloses the highest Gross Profits from a Franchised Territory within each time period.
- (6) Low – Discloses the lowest Gross Profits from a Franchised Territory within each time period.
- (7) Number & % Above Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded the Average Gross Profits.
- (8) Number & % Below Average – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Average Gross Profits.
- (9) Number & % Above Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded Median Gross Profits.
- (10) Number & % Below Median – Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Median Gross Profits.

STATEMENT ON AVERAGE ~~COST~~EXPENSE PERCENTAGES BY CATEGORY

The following ~~table~~Table F presents unaudited information about the average ~~cost~~expense percentages of the ~~186171~~ Franchised Territories that were open and continuously operating during the ~~2022-2023~~2024 Accounting Period (~~meaning October 1, 2022 through September 30, 2023~~). ~~Cost~~. Expense information is shown as a percentage of Gross Sales. As used in Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Franchised Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales tax. We obtained this ~~cost~~expense information from unaudited franchisee reports submitted to us consistent with our

reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the ~~cost~~expense information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

TABLE F
AVERAGE ~~COST~~EXPENSE PERCENTAGES OF THE 186171 FRANCHISED TERRITORIES OPEN FOR MORE THAN ONE YEAR AND FOR THE ENTIRE 2022-20232024 ACCOUNTING PERIOD

Direct Costs <u>Operational</u> Expenses	Gross Profit	Administrative Costs <u>Expenses</u>	Net Profit
69.8%	50 30.2%	11.4 14.9%	15.73%

~~(1) Direct CostsOperational Expenses~~ – Refers to the average percentage of Gross Sales that is directly attributed to ~~Direct Costs~~. ~~Direct Costs~~providing service to customers. Operational Expenses include labor, materials, supplies, royalties, subcontractor payments ~~and~~, equipment ~~rentals~~.

~~(2) Equipment Overhead~~ – Refers to the average percentage of Gross Sales that is attributed to Equipment Overhead. Equipment Overhead includes payments, insurance, repairs, maintenance, gas and oil.

~~(3)(1) Indirect Costs~~ – Refers to the average percentage of Gross Sales that is attributed to Indirect Costs. Indirect Costs include costs, supervisory salaries, waste disposal and uniforms.

~~(4)(2) Gross Profit~~ – Refers to the average Gross Profit percentage. Gross Profit is defined as Gross Sales less ~~Direct Costs, Equipment Overhead and Indirect Costs~~Operational Expenses.

~~(5)(3) Administrative CostsExpenses~~ – Refers to the average percentage of Gross Sales that is attributed to Administrative CostsExpenses. Administrative CostsExpenses include owner/officer salaries, owner benefit, rent, utilities, insurance, office supplies promotional/advertising expenses, sales expenses, licenses and interest.

~~(6)(4) Net Profit~~ – Refers to the percentage of Gross Sales that is remaining after all working expenses (~~direct, equipment, indirect~~operational and administrative) expenses have been paid.

PART II – 2021-2022 ACCOUNTING PERIOD DATA

STATEMENT OF AVERAGE AND MEDIAN GROSS SALES

The following ~~Tables 2A and 2B~~ present unaudited information about the average and median Gross Sales of the 196 Franchised Territories that were open and continuously operating for the 2021-2022 Accounting Period.

As used in this Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Franchised Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes. We obtained this Gross Sales information from

~~unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Sales information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.~~

~~**TABLE 2A**
GROSS SALES OF THE 196 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2021-2022 ACCOUNTING PERIOD~~

# of Full Calendar Years (Note 1)	Average Gross Sales (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
1+	\$1,076,284	\$6,606,471	\$745,761	\$35,083	63 / 32%	133 / 68%	98 / 50%	98 / 50%

~~**TABLE 2B**
GROSS SALES BY “TIME PERIOD” OF THE 196 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2021-2022 ACCOUNTING PERIOD~~

# of Full Calendar Years (Note 1)	Average Gross Sales (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
5+	\$1,184,805	\$6,606,471	\$787,326	\$35,084	52 / 33%	108 / 67%	80 / 50%	80 / 50%
3-4	\$616,561	\$3,146,405	\$481,325	\$95,764	14 / 42%	19 / 58%	16 / 48%	17 / 52%
1-2	\$345,455	\$860,915	\$133,644	\$41,806	1 / 33%	2 / 67%	2 / 67%	1 / 33%

Footnotes to Tables 2A and 2B

~~(11) Number of Full Calendar Years—The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. Table 2A includes all 196 Franchised Territories open the entire 2021-2022 Accounting Period regardless of the number of full calendar years in operation. Table 2B includes all 196 Franchised Territories and is separated by the number of full calendar years in operation.~~

~~(12) Gross Sales—As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.~~

~~(13) Average Gross Sales—In the above charts, Average Gross Sales is defined by the total Gross Sales of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.~~

- (14) ~~Median~~—This is the Median Gross Sales amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an odd number of Franchised Territories were averaged.
- (15) ~~High~~—Discloses the highest Gross Sales from a Franchised Territory within each time period.
- (16) ~~Low~~—Discloses the lowest Gross Sales from a Franchised Territory within each time period.
- (17) ~~Number & % Above Average~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales met or exceeded the Average Gross Sales.
- (18) ~~Number & % Below Average~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Average Gross Sales.
- (19) ~~Number & % Above Median~~—Refers to the number percentage of Franchised Territories for each time period whose Gross Sales met or exceeded Median Gross Sales.
- (20) ~~Number & % Below Median~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Sales were less than the Median Gross Sales.

**STATEMENT ON AVERAGE AND MEDIAN GROSS SALES BY QUARTILE REVENUE
PERCENTAGES BY CATEGORY**

The following Table ~~2CG~~ presents unaudited information about the average ~~and median~~ Gross Sales revenue percentages of the ~~196~~ Franchised Territories that were open and continuously operating during the ~~2021-2022~~ Accounting Period. ~~196~~ Franchised Territories are represented and divided into quartiles based on Gross Sales. The quartiles were derived by taking the ~~196~~ Franchised Territories and dividing them into four evenly sized groups, with the Franchised Territories achieving the highest Gross Sales being in the fourth quartile, the next highest being in the third quartile, and so forth. All amounts are shown in U.S. dollars.

**TABLE 2C
GROSS SALES BY QUARTILE OF THE 196 FRANCHISED TERRITORIES
OPEN FOR MORE THAN ONE YEAR AND THE ENTIRE 2021-2022 ACCOUNTING PERIOD**

Quartile	First Quartile	Second Quartile	Third Quartile	Fourth Quartile	All Quartiles
Average Gross Sales (Notes 1 and 2)	\$2,568,437	\$949,154	\$563,603	\$223,942	\$1,076,284
High (Note 4)	\$6,606,471	\$1,303,569	\$736,108	\$394,471	\$6,606,471
Low (Note 5)	\$1,318,180	\$740,914	\$394,471	\$35,084	\$745,761
Median (Note 3)	\$2,110,173	\$896,130	\$537,772	\$237,586	\$35,083
Number of Territories	49	49	49	49	196
Number / % Above Average (Note 6)	17 / 35%	22 / 45%	21 / 43%	25 / 51%	63 / 32%
Number / % Below Average (Note 7)	32 / 65%	27 / 55%	28 / 57%	24 / 49%	133 / 68%
Number / % Above Median	24 / 49%	24 / 49%	24 / 49%	25 / 51%	98 / 50%

(Note 8)					
Number / % Below Median	25 / 51%	25 / 51%	25 / 51%	24 / 49%	98 / 50%
(Note 9)					

- ~~(10) Gross Sales—As referenced above, “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales taxes.~~
- ~~(11) Average Gross Sales—In the above chart, Average Gross Sales is defined by the total Gross Sales of the Franchise Territory in each quartile during the 2020-2021 Accounting Period divided by the number of Franchised Territories in each quartile. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.~~
- ~~(12) Median—This is the Median Gross Sales amount for each quartile of Franchised Territories in the chart above. In calculating the median for the Franchised Territories in the table above, the two central amounts for an odd number of Franchised Territories were averaged.~~
- ~~(13) High—Discloses the highest Gross Sales from a Franchised Territory within each quartile.~~
- ~~(14) Low—Discloses the lowest Gross Sales from a Franchised Territory within each quartile.~~
- ~~(15) Number & % Above Average—Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales met or exceeded the Average Gross Sales for the relevant quartile.~~
- ~~(16) Number & % Below Average—Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales were less than the Average Gross Sales for the relevant quartile.~~
- ~~(17) Number & % Above Median—Refers to the number percentage of Franchised Territories for each quartile whose Gross Sales met or exceeded Median Gross Sales for the relevant quartile.~~
- ~~(18) Number & % Below Median—Refers to the number and percentage of Franchised Territories for each quartile whose Gross Sales were less than the Median Gross Sales for the relevant quartile.~~

STATEMENT OF AVERAGE AND MEDIAN GROSS PROFITS

~~The following Tables 2D and 2E present unaudited information about the average Gross Profit of the 196 Franchised Territories that were open and continuously operating during the 2021-2022 Accounting Period. As used in this Item 19, the term “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms). We obtained this Gross Profit information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the Gross Profit information reported to us. Franchisees are not required to use generally accepted~~

accounting principles when reporting these figures.

TABLE 2D
GROSS PROFITS BY OF THE 196 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2021-2022 ACCOUNTING PERIOD

# of Full Calendar Years (Note 1)	Average Gross Profit (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
1+	\$385,687	\$2,482,673	\$249,641	(\$26,380)	66 / 34%	130 / 66%	98 / 50%	98 / 50%

TABLE 2E
GROSS PROFITS BY “TIME PERIOD” OF THE 196 FRANCHISED TERRITORIES
OPEN THE ENTIRE 2021-2022 ACCOUNTING PERIOD

# of Full Calendar Years (Note 1)	Average Gross Profit (Notes 2 and 3)	High (Note 5)	Median (Note 4)	Low (Note 6)	Number & % Above Average (Note 7)	Number & % Below Average (Note 8)	Number & % Above Median (Note 9)	Number & % Below Median (Note 10)
5+	\$411,675	\$2,482,673	\$260,866	\$7,808	52 / 33%	108 / 67%	80 / 50%	80 / 50%
3-4	\$285,844	\$1,182,628	\$186,230	(\$26,380)	11 / 33%	22 / 67%	16 / 48%	17 / 52%
1-2	\$97,936	\$220,682	\$38,865	\$34,263	1 / 33%	2 / 67%	2 / 67%	1 / 33%

Footnotes to Tables 2D and 2E

(11) Number of Full Calendar Years—The term “Number of Full Calendar Years” refers to the relative performance of the Franchised Territories included in this Item 19 by their length of time in operation, also referred to as the “time period”. Specifically, “1-2” full calendar years refers to Franchised Territories in operation between 12 months and 35 months; “3-4” full calendar years refers to Franchised Territories in operation between 36 months and 59 months; and “5+” full calendar years refers to Franchised Territories in operation 60 months or longer. Table 2D includes all 196 Franchised Territories open the entire 2021-2022 Accounting Period regardless of the number of full calendar years in operation. Table 2E includes all 196 Franchised Territories and is separated by the number of full calendar years in operation.

(12) Gross Profit—As referenced above, “Gross Profit” means all revenue and income from any source derived or received by the Franchised Territory from, through, by or on account of the operation of the Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the cost of providing the service, including; direct costs (labor, materials, supplies, royalties), equipment overheads (payments, insurance, repairs & maintenance, gas & oil) and indirect costs (supervisory salaries, waste disposal, uniforms).

(13) Average Gross Profit—In the above charts, Average Gross Profit is defined by the total Gross Profits of each time period divided by the number of Franchised Territories in each time period as referenced in the “Number of Full Calendar Years” description. As noted above, information relating to the Franchised Territories is based on unaudited franchisee reports submitted to us.

- (14) ~~Median~~—This is the Median Gross Profit amount for each grouping of Franchised Territories in the charts above. In calculating the median for the Franchised Territories in the tables above, the two central amounts for an odd number of Franchised Territories were averaged.
- (15) ~~High~~—Discloses the highest Gross Profits from a Franchised Territory within each time period.
- (16) ~~Low~~—Discloses the lowest Gross Profits from a Franchised Territory within each time period.
- (17) ~~Number & % Above Average~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded the Average Gross Profits.
- (18) ~~Number & % Below Average~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Average Gross Profits.
- (19) ~~Number & % Above Median~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits met or exceeded Median Gross Profits.
- (20) ~~Number & % Below Median~~—Refers to the number and percentage of Franchised Territories for each time period whose Gross Profits were less than the Median Gross Profits.

STATEMENT ON AVERAGE COST PERCENTAGES BY CATEGORY

The following table presents unaudited information about the average cost percentages of the 196 Franchised Territories that were open and continuously operating during the 2021-2022 Accounting Period (meaning October 1, 2021 through September 30, 2022). ~~Cost~~2024 Accounting Period. Revenue information is shown as a percentage of Gross Sales. As used in Item 19, the term “Gross Sales” means all revenue and income from any source derived or received by the Franchised Territories from, through, by or on account of the operation of the Franchised Territory, whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise, less the amount of any documented refunds given in good faith to customers and less any sales tax. We obtained this ~~cost~~revenue information from unaudited franchisee reports submitted to us consistent with our reporting requirements. Neither we nor our independent certified public accountants have audited or verified any of the ~~cost~~revenue information reported to us. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

TABLE G
AVERAGE ~~COST~~REVENUE PERCENTAGES BY CATEGORY OF THE 196/171 FRANCHISED TERRITORIES OPEN FOR ~~MORE THAN ONE YEAR AND FOR THE ENTIRE~~ 2021-2022/2024 ACCOUNTING PERIOD

Direct Costs (Note 1) Contract <u>Maintenance</u>	Equipment Overhead (Note 2) Enhancement	Indirect Costs (Note 3) Other
52.7 66.9%	30 21.6%	14 11.5%

- (7) ~~Direct Costs~~—Refers to the average percentage of Gross Sales that is attributed to Direct Costs. Direct Costs include labor, materials supplies, royalties, subcontractor payments and equipment rentals.

- ~~(8) Equipment Overhead — Refers to the average percentage of Gross Sales that is attributed to Equipment Overhead. Equipment Overhead includes payments, insurance, repairs, maintenance, gas and oil.~~
- ~~(9) Indirect Costs — Refers to the average percentage of Gross Sales that is attributed to Indirect Costs. Indirect Costs include supervisory salaries, waste disposal and uniforms.~~
- ~~(10) Gross Profit — Refers to the average Gross Profit percentage. Gross Profit is defined as Gross Sales less Direct Costs, Equipment Overhead and Indirect Costs.~~
- ~~(11) Administrative Costs — Refers to the average percentage of Gross Sales that is attributed to Administrative Costs. Administrative Costs include owner/officer salaries, owner benefit, rent, utilities, insurance, office supplies promotional/advertising expenses, sales expenses, licenses and interest.~~
- ~~(12) Net Profit — Refers to the percentage of Gross Sales that is remaining after all working expenses (direct, equipment, indirect and administrative) have been paid.~~
- (1) Contract Maintenance – Refers to revenues generated regularly scheduled maintenance services that are typically performed under an annual contract. Examples of contract maintenance services include mowing, edging, shrub trimming, and blowing.
- (2) Enhancement - Refers to ancillary services that are typically not included in an annual contract. These one-time services are generally value-add and are billed upon completion. Examples of enhancement services include plant replacement/installation, seasonal color (flower) installation, seasonal clean-up and tree trimming.
- (3) Other – Other revenues include services like snow and ice management, irrigation, subcontractor, and miscellaneous revenues. Like enhancement revenues, these revenues are not typically included as part of an annual maintenance contract.

General Notes to Parts I and II of Item 19:

1. The Gross Sales and Gross Profit information included in ~~Part I~~ of this Item 19 relates only to the Franchised Territories that were continuously open and operating during the entire ~~2022-2023 and 2021-2022~~2024 Accounting ~~Periods (i.e., October 1 through September 30);~~Period. It does not include Gross Sales information for Franchised Territories open less than the entire ~~2022-2023 and 2021-2022~~2024 Accounting ~~Periods;~~Period. You should conduct an independent investigation of the costs and expenses you will incur in operating your Territory. ~~Current and former franchisees listed in this Disclosure Document may be one source of this information.~~
2. **Some Franchised Territories have earned these amounts. Your individual results may differ. There is no assurance you will earn as much.**
3. Written substantiation of all data presented in this Item 19 will be made available to you on reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing franchise territory, however,

we may provide you with the actual records of that territory. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting David Wells, our Senior ~~Director~~Vice President, Brand Development at U.S. Lawns, Inc. (6700 Forum Drive, Suite 150, Orlando, Florida 32821, 407-246-1630), the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**Table #1
Systemwide Outlet Summary
For years ~~2021~~2022 to ~~2023~~2024***

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021 <u>2022</u>	231 <u>222</u>	222 <u>209</u>	-913
	2022 <u>2023</u>	222 <u>209</u>	209 <u>208</u>	-131
	2023 <u>2024</u>	209 <u>208</u>	208 <u>210</u>	-12
Company-Owned	2021 <u>2022</u>	0	0	0
	2022 <u>2023</u>	0	0	0
	2023 <u>2024</u>	0	-0	0
Total Outlets	2021 <u>2022</u>	231 <u>222</u>	222 <u>209</u>	-913
	2022 <u>2023</u>	222 <u>209</u>	209 <u>208</u>	-131
	2023 <u>2024</u>	209 <u>208</u>	208 <u>210</u>	-12

*As of September 30, ~~2021~~, In 2022 and 2023, our fiscal year end was September 30. In 2024, our fiscal year end changed to December 31.

**Table #2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years ~~2021~~2022 to ~~2023~~2024***

State	Year	Number of Transfers
AR <u>AL</u>	2021 <u>2022</u>	0
	2022 <u>2023</u>	<u>0</u>
	2023 <u>2024</u>	<u>2</u>
AR	2022	0
	2023	1
FL	2021 <u>2024</u>	0
-	2022 <u>FL</u>	5
	2023 <u>FL</u>	5

State	Year	Number of Transfers
LA	2021+2024	10
<u>GA</u>	2022	0
	2023	0
	<u>2024</u>	<u>2</u>
<u>LA</u>	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>0</u>
MA	2021+2024	1
<u>MA</u>	2022	0
	2023	1
MI	2021+2024	0
<u>MI</u>	2022	0
	2023	1
MS	2021+2024	0
<u>MS</u>	2022	0
	2023	1
NY	2021+2024	0
<u>NY</u>	2022	0
	2023	1
SC	2021+2024	0
<u>NC</u>	2022	<u>30</u>
	2023	0
<u>TN</u>	<u>2021+2024</u>	0
-		
<u>SC</u>	2022	3
	2023	0
TX	2021+2024	3
<u>TN</u>	<u>2022</u>	<u>3</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>0</u>
<u>TX</u>	2022	1
	2023	3
UT	2021+2024	0
<u>UT</u>	2022	0
	2023	1
Totals	2021+2024	50
<u>TOTAL</u>	2022	12
	2023	14
	<u>2024</u>	<u>9</u>

*As of September 30, 2021, In 2022 and 2023, our fiscal year end was September 30. In 2024, our fiscal year end changed to December 31.

Table #3
Status of Franchised Outlets
For years ~~2021~~2022 to ~~2023~~2024*

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at end of Year
AL - -	2021 2022	7	0	0	0	0	0	7
	2022 2023	7	0	0	0	0	0	7
	2023 2024	7	0	0	0	0	0	7
AK - AZ	2021 2022	14	0	0 1	0	0	0	13
	2022	1	0	0	1	0	0	0
	2023	0 3	0	0	0	0	0	0 3
AZ - -	2021	4	0	0	0	0	0	4
	2022	4	0	1	0	0	0	3
	2023 2024	3	0	0	0	0	0	3
AR - -	2021	6	0	0	0	0	0	6
AR	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
CA -	2021 2024	26	0	0	0	0	0	26
CA	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	0	0	3
CO -	2021 2024	5 3	0	0	0	0	0	5 3
CO	2022	5	0	2	0	0	0	3
	2023	3	0	0	0	0	0	3
CT -	2021 2024	2 3	0	0 3	0	0	0	2 0
CT	2022	2	0	0	0	0	0	2
	2023	2	0	1	0	0	0	1
DE - -	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
FL -	2021 2024	44 1	0 1	1 0	0	3 0	2 0	38 2

<u>FL</u>	2022	38	0	0	0	0	0	38
	2023	38	0	2	0	1	0	35
<u>GA</u> -	<u>202+2024</u>	<u>+635</u>	0	<u>03</u>	<u>+0</u>	<u>+0</u>	0	<u>+432</u>
<u>GA</u>	2022	14	0	2	0	0	0	12
	2023	12	0	0	0	0	0	12
<u>HD</u> -	<u>202+2024</u>	<u>212</u>	<u>01</u>	0	<u>01</u>	0	<u>04</u>	<u>28</u>
<u>ID</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
<u>IL</u> -	<u>202+2024</u>	2	<u>01</u>	0	0	0	0	<u>23</u>
<u>IL</u>	2022	2	0	1	0	0	0	1
	2023	1	1	0	0	0	0	2
<u>IN</u> -	<u>202+2024</u>	<u>62</u>	0	0	0	0	0	<u>62</u>
<u>IN</u>	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
<u>KS</u> -	<u>202+2024</u>	<u>+6</u>	<u>02</u>	0	0	0	0	<u>+8</u>
<u>KS</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>KY</u> -	<u>202+2024</u>	<u>41</u>	0	0	0	0	0	<u>41</u>
<u>KY</u>	2022	4	0	0	0	0	0	4
	2023	4	<u>+0</u>	0	0	0	0	<u>54</u>
<u>LA</u> -	<u>202+2024</u>	<u>84</u>	0	0	0	0	0	<u>84</u>
<u>LA</u>	2022	8	1	0	0	0	0	9
	2023	9	0	0	0	0	0	9
<u>MD</u> -	<u>202+2024</u>	<u>69</u>	0	0	0	<u>+0</u>	0	<u>59</u>
<u>MD</u>	2022	5	0	1	0	0	0	4
	2023	4	0	1	0	0	0	3
<u>MA</u> -	<u>202+2024</u>	<u>23</u>	<u>02</u>	<u>+0</u>	0	0	0	<u>+5</u>
<u>MA</u>	2022	1	0	0	0	0	0	1

	2023	1	0	0	0	0	0	1
<u>MI</u>	<u>2024+2024</u>	<u>61</u>	0	0	0	0	0	<u>61</u>
-								
<u>MI</u>	2022	6	0	1	0	0	0	5
	2023	5	0	0	1	0	0	4
<u>MN</u>	<u>2024+2024</u>	<u>14</u>	0	<u>02</u>	0	0	0	<u>12</u>
-								
<u>MN</u>	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
<u>MS</u>	<u>2024+2024</u>	<u>90</u>	0	0	0	0	0	<u>90</u>
-								
<u>MS</u>	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
<u>MO</u>	<u>2024+2024</u>	<u>49</u>	0	0	0	0	0	<u>49</u>
-								
<u>MO</u>	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
<u>NV</u>	<u>2024+2024</u>	<u>14</u>	0	0	0	0	0	<u>14</u>
-								
<u>NV</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>NH</u>	<u>2024+2024</u>	1	<u>01</u>	0	0	0	0	<u>12</u>
-								
<u>NH</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>NJ</u>	<u>2024+2024</u>	<u>21</u>	<u>10</u>	0	0	0	0	<u>31</u>
-								
<u>NJ</u>	2022	3	0	1	0	0	0	2
	2023	2	1	0	0	0	0	3
<u>NY</u>	<u>2024+2023</u>	<u>13</u>	<u>01</u>	0	0	0	0	<u>14</u>
-								
<u>NY</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>NC</u>	<u>2024+2024</u>	<u>161</u>	0	0	0	0	0	<u>161</u>
-								
<u>NC</u>	2022	16	0	2	0	1	0	13
	2023	13	0	0	0	0	0	13

OH -	2024 2024	613	02	0	0	0	0	615
<u>OH</u>	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
OK -	2024 2024	46	0	0	0	0	0	46
<u>OK</u>	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
OR -	2024 2024	24	0	0	0	0	0	24
<u>OR</u>	2022	2	0	0	0	0	1	1
	2023	1	0	0	0	0	0	1
PA -	2024 2024	31	0	40	0	0	0	21
<u>PA</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
SC -	2024 2024	92	02	0	0	0	0	94
<u>SC</u>	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
TN -	2024 2024	9	0	0	0	0	0	9
<u>TN</u>	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
TX -	2024 2024	229	1	0	0	0	0	2310
<u>TX</u>	2022	23	0	0	0	0	0	23
	2023	23	1	0	0	0	0	24
UT -	2024 2024	324	01	01	0	0	0	324
<u>UT</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
VA -	2024 2024	123	10	10	0	0	0	123
<u>VA</u>	2022	12	1	0	0	0	0	13
	2023	13	01	0	0	0	0	1314
WV -	2024 2024	114	01	0	0	0	0	115

<u>WV</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<u>WI</u>	<u>2021</u> <u>2024</u>	1	0	0	0	0	0	1
<u>WI</u>	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Totals	<u>2021</u><u>2024</u>	<u>231</u>	<u>30</u>	<u>40</u>	<u>10</u>	<u>50</u>	<u>20</u>	<u>222</u>
<u>Totals</u>	2022	222	2	11	1	2	1	209
	2023	209	5	4	1	1	0	208
	<u>2024</u>	<u>208</u>	<u>16</u>	<u>9</u>	<u>1</u>	<u>0</u>	<u>4</u>	<u>210</u>

*As of September 30, 2021, In 2022 and 2023, our fiscal year end was September 30. In 2024, our fiscal year end changed to December 31.

Table #4
Status of Company-Owned Outlets
For years 20212022 to 20232024*

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
ALL STATES	<u>2021</u> <u>2022</u>	0	0	0	0	0	0
	<u>2022</u> <u>2023</u>	0	0	0	0	0	0
	<u>2023</u> <u>2024</u>	0	0	0	0	0	0
Total	<u>2021</u><u>2022</u>	0	0	0	0	0	0
	<u>2022</u><u>2023</u>	0	0	0	0	0	0
	<u>2023</u><u>2024</u>	0	0	0	0	0	0

*As of September 30, 2021, In 2022 and 2023, our fiscal year end was September 30. In 2024, our fiscal year end changed to December 31.

Table #5
Projected Openings
As of September 30, 2023December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets In the Next Fiscal Year
<u>AL</u>	0	1	0
<u>AK</u>	0	1	0
<u>AR</u>	1	1	0
<u>AZ</u>	0	1	0
<u>CA</u>	2	1	0
CO	0	<u>12</u>	0

CT	0	1	0
DE	0	1	0
FL	13	13	0
GA	1	1	0
HI	0	0	0
IA	0	1	0
IL	0	1	0
IN	1	1	0
KS	0	0	0
KY	0	1	0
LA	0	1	0
MA	0	1	0
MD	0	1	0
ME	0	1	0
MI	0	1	0
MN	0	1	0
MO	0	1	0
MS	0	1	0
MT	0	1	0
NC	0	1	0
ND	0	1	0
NE	0	1	0
NH	0	1	0
NJ	0	1	0
NM	0	1	0
NV	0	1	0
NY	0	1	0
OH	0	1	0
OK	0	1	0
OR	0	1	0
PA	0	1	0
RI	0	1	0
SC	0	1	0
SD	0	1	0
TN	0	1	0
TX	1	1	0

UT	0	1	0
VA	1	1	0
VT	0	1	0
WA	0	1	0
WI	0	1	0
WY	0	1	0
WV	0	1	0
Total	812	5016	0

A list of the name of all franchisees and the addresses and telephone number of their Businesses is attached as Exhibit ~~DC~~ to this Disclosure Document. Exhibit ~~DC~~ also discloses the names, cities and last known telephone numbers of each franchisee who had a franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our last fiscal year on who has not communicated with us within the ten weeks of the issuance date of this Disclosure Document. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with U.S. Lawns. 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. Franchisees have signed confidentiality agreements in the past three fiscal years. There are no trademark-specific franchisee organizations associated with this franchise. As noted in Item 11, however, the FAC includes elected franchisee members and meets periodically with us to discuss various franchise issues. We both created and sponsor the FAC and contact information for the FAC is the same as our contact information. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached hereto as Exhibit A-1 are the audited financial statements for our parent company, EverSmith Brands Holding Company, for its fiscal years ending September 30, 2021, September-December 30, 2022, and September-30December 31, 2023. ~~In May, and December 31, 2024, we changed our~~ accompanied by its Guarantee of Performance. Our fiscal year end ~~from September 30 to December 31.~~

~~Also attached to this disclosure document as Exhibit A-2 is internally prepared unaudited interim financial information as of December 31, 2024December 31.~~

ITEM 22 CONTRACTS

The following agreements are attached as Exhibits and Schedules to this disclosure document:

Exhibit B Franchise Agreement - Including:

Schedule A	Data Sheet
Schedule B	Conversion Addendum
Schedule C	Business Note and Security Agreement
Schedule D	Electronic Transfer of Fund Authorization
Schedule ED	Confidentiality and Non-Compete Agreement
Schedule E	<u>SBA Addendum</u>
Schedule F	SBA Addendum

Schedule G	Renewal Addendum
Schedule H <u>G</u>	Transfer Addendum
Schedule H <u>I</u>	New Territory Addendum
Schedule J	Option Agreement
Schedule K <u>I</u>	Personal Guarantee
Schedule L <u>J</u>	Acknowledgement Addendum

~~Exhibit C Area Development Agreement Including:~~

Appendix A	Data Sheet
Appendix B	Description of Development Territory
Appendix C	Development Schedules
Appendix D	Personal Guarantee

~~Exhibit H~~G – Sample Release

**ITEM 23
RECEIPT**

At the end of this Disclosure Document are the Receipt pages which are prepared in duplicate. You must sign both copies of the Receipt. Please keep one copy for your records and return the other copy to us.

EXHIBIT A
FINANCIAL STATEMENTS

~~EXHIBIT A-1~~

~~AUDITED FINANCIAL STATEMENTS~~

~~EXHIBIT A-2~~

~~UNAUDITED INTERIM FINANCIAL INFORMATION~~

~~THE BALANCE SHEET OF U.S. LAWNS, INC. AS OF DECEMBER 31, 2024, AS WELL AS U.S. LAWN, INC.'S PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2024, AND ENDING DECEMBER 31, 2024, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.~~

U.S. Lawns, Inc. Balance Sheet End of Dec 2024

Financial Row	Amount
ASSETS	
Current Assets	
Bank	
Total Bank	\$40,198.65
Accounts Receivable	
1100 - Trade Accounts Receivable	\$1,108,131.53
Total Accounts Receivable	\$1,108,131.53
Total Other Current Asset	\$7,405,332.40
Total Current Assets	\$8,553,662.58
Fixed Assets	
Total Fixed Assets	\$46,026,453.78
Total Other Assets	(\$50,278,036.21)
Total ASSETS	\$4,302,080.15
Liabilities & Equity	
Current Liabilities	
Total Accounts Payable	\$472,226.60
Other Current Liability	
Total Other Current Liability	\$4,577,297.72
Total Current Liabilities	\$5,049,524.32
Long Term Liabilities	
2230 - Long Term Lease Liability	\$390,930.58
2530 - Lease - Vehicles	(\$21,242.28)
Total Long Term Liabilities	\$369,688.30
Equity	
Total - Equity	\$2,221,206.67
Retained Earnings	(\$2,577,689.47)
Net Income	(\$760,649.67)
Total Equity	(\$1,117,132.47)
Total Liabilities & Equity	\$4,302,080.15

U.S. Lawns, Inc. Income Statement From Jan 2024 to Dec 2024

Financial Row	Amount
Ordinary Income/Expense	
Total - Income	\$11,062,008.32
Cost Of Sales	
Total - Cost Of Sales	\$3,200,871.87
Gross Profit	\$7,861,136.45
Expense	
Total - Expense	\$4,268,944.96
Net Ordinary Income	\$3,592,191.49
Other Income and Expenses	
Other Expense	
Total - Other Expense	\$4,519,071.69
Net Other Income	(\$4,352,841.16)
Net Income	(\$760,649.67)

EverSmith Brands Holding Company and Subsidiaries

Consolidated Financial Report
December 31, 2024

EverSmith Brands Holding Company and Subsidiaries

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Independent Auditor's Report

To the Board of Directors
EverSmith Brands Holding Company and Subsidiaries

Opinion

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

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

Basis for Opinion

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

Report on Prior Year Consolidated Financial Statements

The consolidated financial statements of EverSmith Brands Holding Company and Subsidiaries as of December 31, 2023 were audited by other auditors, who expressed an unmodified opinion on those statements on March 28, 2024.

Responsibilities of Management for the Consolidated Financial Statements

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

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

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

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

To the Board of Directors
EverSmith Brands Holding Company and Subsidiaries

In performing an audit in accordance with GAAS, we:

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

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

Plante & Moran, PLLC

March 25, 2025

EverSmith Brands Holding Company and Subsidiaries

Consolidated Balance Sheet

December 31, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash	\$ 3,515,558	\$ 2,711,279
Advertising fund restricted cash and restricted assets	100,458	328,234
Accounts receivable - Net	7,114,904	3,615,646
Unbilled revenue	349,380	610,886
Notes receivable	425,473	-
Prepaid expenses and other current assets	1,573,314	477,175
Total current assets	13,079,087	7,743,220
Property and Equipment - Net	780,862	796,019
Operating Lease Right-of-use Assets - Net	1,240,113	1,130,780
Goodwill - Net	50,821,465	14,725,847
Intangible Assets - Net	34,088,854	4,261,233
Other Assets		
Deferred commission costs - Net of current portion	2,262,584	593,583
Notes receivable - Net of current portion	286,916	-
Other	50,609	-
Total other assets	2,600,109	593,583
Total assets	\$ 102,610,490	\$ 29,250,682
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 4,966,278	\$ 2,158,915
Current portion of long-term debt	360,000	-
Current portion of operating lease liabilities	507,060	422,328
Deferred franchise fees	692,354	139,360
Accrued and other current liabilities:		
Taxes payable	1,295,818	-
Accrued compensation	2,802,812	529,572
Other accrued liabilities	1,395,399	1,282,175
Total current liabilities	12,019,721	4,532,350
Long-term Debt - Net of current portion	34,497,135	-
Operating Lease Liabilities - Net of current portion	733,773	723,255
Other Long-term Liabilities		
Deferred franchise fees - Net of current portion	4,101,540	926,109
Deferred tax liabilities	1,037,222	1,073,807
Total liabilities	52,389,391	7,255,521
Stockholders' Equity	50,221,099	21,995,161
Total liabilities and stockholders' equity	\$ 102,610,490	\$ 29,250,682

See notes to consolidated financial statements.

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EverSmith Brands Holding Company and Subsidiaries**Consolidated Statement of Operations**

Years Ended December 31, 2024 and 2023

	2024	2023
Net Revenue		
Royalty fees	\$ 13,835,697	\$ 5,676,883
Professional service fees	15,893,981	15,647,169
Product revenue	2,874,230	119,685
Initial franchise fee revenue	780,004	94,011
Promotional fund revenue	416,122	315,957
Other	1,234,883	315,452
Total net revenue	35,034,917	22,169,157
Cost of Professional Service Fees Revenue	14,085,134	11,634,041
Gross Profit	20,949,783	10,535,116
Operating Expenses	34,186,155	16,573,859
Operating Loss	(13,236,372)	(6,038,743)
Nonoperating Income (Expense)		
Interest income	82,328	-
Other (expense) income	(45,331)	16,794
Interest expense	(2,181,596)	-
Total nonoperating (expense) income	(2,144,599)	16,794
Loss - Before income taxes	(15,380,971)	(6,021,949)
Income Tax Expense	1,928,222	421,961
Consolidated Net Loss	(17,309,193)	(6,443,910)
Other Comprehensive (Loss) Income - Foreign currency translation adjustment	(697,817)	284,764
Comprehensive Loss	\$ (18,007,010)	\$ (6,159,146)

See notes to consolidated financial statements.

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EverSmith Brands Holding Company and Subsidiaries

Consolidated Statement of Stockholders' Equity

Years Ended December 31, 2024 and 2023

	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total
Balance - January 1, 2023	\$ 214	\$ 23,852,537	\$ (8,098,798)	\$ (892,760)	\$ 14,861,193
Consolidated net loss	-	-	(6,443,910)	-	(6,443,910)
Issuance of common stock	74	13,220,486	-	-	13,220,560
Stock-based compensation	-	72,554	-	-	72,554
Foreign currency translation adjustment	-	-	-	284,764	284,764
Balance - December 31, 2023	288	37,145,577	(14,542,708)	(607,996)	21,995,161
Consolidated net loss	-	-	(17,309,193)	-	(17,309,193)
Issuance of common stock	269	46,135,855	-	-	46,136,124
Stock-based compensation	-	100,595	-	-	100,595
Foreign currency translation adjustment	-	-	-	(697,817)	(697,817)
Dividends	-	-	(3,771)	-	(3,771)
Balance - December 31, 2024	\$ 557	\$ 83,382,027	\$ (31,855,672)	\$ (1,305,813)	\$ 50,221,099

See notes to consolidated financial statements.

EverSmith Brands Holding Company and Subsidiaries

Consolidated Statement of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Consolidated net loss	\$ (17,309,193)	\$ (6,443,910)
Reconciliation of consolidated net loss to net cash and restricted cash from operating activities - Net of assets acquired and liabilities assumed in business acquisitions:		
Depreciation and amortization expense	7,346,640	2,047,036
Noncash lease expense	(14,083)	12,811
Stock compensation expense	100,595	72,554
Deferred income taxes	390,415	421,961
Bad debt expense	574,457	258,348
Debt issuance cost amortization	79,635	-
Changes in operating assets and liabilities - Net of assets acquired and liabilities assumed:		
Accounts receivable and unbilled revenue	(2,299,521)	(610,559)
Advertising fund restricted assets and liabilities	-	(209,286)
Deferred commission costs	(1,669,001)	(372,636)
Prepaid expenses and other current assets	(260,403)	(162,781)
Accounts payable	2,394,416	(224,092)
Taxes payable	1,295,818	-
Deferred revenue	2,141,878	540,915
Accrued compensation and other accrued liabilities	1,819,841	18,771
Net cash and restricted cash used in operating activities	(5,408,506)	(4,650,868)
Cash Flows from Investing Activities		
Business acquisitions - Net of cash acquired	(71,148,692)	(9,234,628)
Purchase of property and equipment	(94,285)	(190,387)
Proceeds from sale of property and equipment	-	25,737
Issuance of notes receivable	(712,389)	-
Net cash and restricted cash used in investing activities	(71,955,366)	(9,399,278)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock	44,136,124	12,170,560
Proceeds from debt	36,000,000	-
Payments on debt	(180,000)	-
Debt issuance costs	(1,042,500)	-
Distribution of equity interests	(3,771)	-
Net cash and restricted cash provided by financing activities	78,909,853	12,170,560
Net Effect of Exchange Rate Changes on Cash and Restricted Cash	(697,817)	(391,110)
Net Increase (Decrease) in Cash and Restricted Cash	848,164	(2,270,696)
Cash and Restricted Cash - Beginning of year	2,767,852	5,038,548
Cash and Restricted Cash - End of year	<u>\$ 3,616,016</u>	<u>\$ 2,767,852</u>
Classification of Cash and Restricted Cash		
Cash	\$ 3,515,558	\$ 2,711,279
Restricted cash	100,458	56,573
Total cash and restricted cash	<u>\$ 3,616,016</u>	<u>\$ 2,767,852</u>
Supplemental Cash Flow Information - Cash paid for interest	\$ 2,181,596	\$ -
Significant Noncash Transactions - Fair value of rollover equity issued for business acquisitions	\$ 2,000,000	\$ 1,050,000

See notes to consolidated financial statements.

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EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 1 - Nature of Business

EverSmith Brands Holding Company and Subsidiaries (the "Company") includes its wholly owned subsidiaries, EverSmith Brands Intermediate Holding Company; 2792705 Ontario Inc.; TruServe Groundscare Inc.; Clintar, Inc.; Clintar Franchising, Inc.; milliCare, Inc.; milliCare Franchising, LLC; Kitchen Guard Franchising, Inc.; Green Guard Services, LLC; U.S. Lawns, Inc.; and Restoration Specialties Franchise Group, LLC.

The Company's subsidiaries are principally engaged as franchisors of brands, which provide various services such as landscaping, snow removal, operating floor and textile care, commercial kitchen exhaust cleaning, and specialty restoration. In addition, certain landscaping and snow removal services are provided directly to customers where franchising territories do not exist.

Note 2 - Significant Accounting Policies

Basis of Accounting

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

Principles of Consolidation

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

Cash

The Company maintains cash in bank deposit accounts that at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Additionally, the Company maintains cash in various foreign institutions amounting to \$2,918,789 and \$1,429,696 as of December 31, 2024 and 2023, respectively, converted at year-end exchange rates.

Restricted Cash

In accordance with certain brands' franchise agreements, certain cash accounts established for promotional or advertising contributions and spending are restricted in their use for cash collected by the promotional fund, usage of which is restricted for advertising activities and is included in advertising fund restricted cash on the accompanying consolidated balance sheet.

Accounts Receivable

Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. At December 31, 2024 and 2023, the Company recorded an allowance for credit losses in the amount of \$1,214,135 and \$612,069, respectively. The Company evaluates the collectibility of its accounts receivable and determines the appropriate allowance for expected credit losses based on a combination of factors, including the aging of the receivables, historical collection trends, and charge-offs, and includes adjustments for current economic conditions and reasonable and supportable forecasts. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions and reasonable and supportable forecasts. When the Company is aware of a franchisee or customer's inability to meet its financial obligation, the Company may individually evaluate the related receivable to determine the allowance for expected credit losses. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Accounts receivable, net of allowance, as of January 1, 2023 equaled \$2,568,780.

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Unbilled Revenue

The Company records royalty revenue that has been recognized but not invoiced to its franchisees in unbilled revenue until the respective amount is invoiced, which is then included within accounts receivable. Unbilled revenue is included within current assets, as the amounts are similar to accounts receivable and are short term in nature.

Property and Equipment

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

Leases

The Company has operating leases primarily for various office spaces that have lease terms that range from 3 to 5 years, some of which include renewal and termination options that can be elected by the Company. The Company recognizes expense for operating leases on a straight-line basis over the lease term. The Company made a policy election not to separate lease and nonlease components for all operating leases. Therefore, all payments are included in the calculation of the right-of-use asset and lease liability.

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

Intangible Assets

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets, which range from 6 to 20 years. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. Assets not subject to amortization are tested for impairment at least annually.

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

Goodwill

The recorded amounts of goodwill from prior business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. The Company has adopted the provisions of ASU No. 2021-08, *Business Combinations: Accounting for Contract Assets and Contract Liabilities from Contracts with Customers (Topic 805)*, which requires companies to record contracts with customers based on the guidance under ASC 606 rather than at fair value.

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

No impairment charge was recognized during the years ended December 31, 2024 and 2023.

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Revenue Recognition

The terms of the franchise agreements for the Company are typically 10 years. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following in exchange for the defined transaction price:

- **Intellectual Property (IP)** - Licenses grant an exclusive right to establish and operate a business under the trademarks.
- **Continuing Consulting Services** - These services include the review of plans; equipment and merchandise selection; and establishment and implementation of administrative, bookkeeping, accounting, inventory control, and general operating procedures.
- **Operations Manual and Brand-specific Training Services** - These provide training programs, operating manuals, development of standards, and pricing policies specific to the various brands.
- **Preopening Services** - These provide primarily site selection, training programs, and setting up the franchisee records.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single performance obligation of providing the franchise license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access and, therefore, meets the criterion of recognizing revenue over time. Revenue earned from providing these services is identified as royalty fees, initial franchise fee revenue, and promotional fund revenue on the accompanying consolidated statement of operations.

The Company's professional service fees include snow removal, landscaping, professional kitchen hood cleaning, and professional floor cleaning where there is no franchise territory. Revenue is recognized over time as the services are rendered. Long-term contracts do not exist for these services, and all work is typically completed within a 24-hour period.

The Company's product revenue primarily includes sales of chemicals and soak tanks to franchisees. Revenue is recognized at the time the product is shipped.

Payment Terms

Initial franchise fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. The portion of contract liabilities that is expected to be recognized as revenue within one year is classified as current on the consolidated balance sheet. Deferred initial franchise fees as of January 1, 2023 equaled \$522,603. Royalties and promotional fund fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Technology fees are paid on a monthly basis based upon a fixed amount. Professional service fees and product revenue fees are due 30 days from when the service is performed or when the product is shipped.

Allocating the Transaction Price

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

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

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

Costs to Obtain a Franchise Agreement

The Company incurs commission costs to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commission costs are capitalized as deferred commission costs and are expensed over the term of the respective franchise agreement, which is typically 10 years.

Advertising Expense

In accordance with the Company's franchise agreements, franchisees pay a percentage of monthly sales to the brand's promotional fund to be used for advertising, marketing, and other promotional purposes. Advertising expense is charged to income during the year in which it is incurred. Advertising expense for 2024 and 2023 was \$895,604 and \$843,644, respectively.

Income Taxes

A current tax liability or asset is recognized for the estimated taxes payable or refundable on tax returns for the year. Deferred tax liabilities or assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting.

Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Company's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Debt Issuance Costs

Debt issuance costs were incurred by the Company in connection with obtaining the debt to finance one of the business combinations disclosed in Note 3. These costs are recorded as a reduction in the recorded balance of the outstanding debt. The costs are amortized over the term of the related debt and reported as a component of interest expense.

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 2 - Significant Accounting Policies (Continued)

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (USD). The Company's functional currency for its operations in Canada is the Canadian dollar (CAD). Assets and liabilities are translated using the exchange rates as of year end, and revenue and expenses are translated using average exchange rates. Equity is translated at historical rates, with resulting translation gains and losses included in the Company's consolidated statement of stockholders' equity as a component of accumulated other comprehensive loss.

Gains and losses arising from foreign currency transactions are included in the consolidated statement of operations in operating expenses. Intercompany balances denominated in a currency other than the functional currency of the parties to the transaction create foreign currency gains and losses that survive consolidation, even though the intercompany balances do not.

Use of Estimates

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

Significant estimates made by management in the preparation of the consolidated financial statements include, among other estimates, the determination of the purchase price allocations and the related valuation of intangible assets and other assets and liabilities acquired, depreciation and amortization, useful lives, stock-based compensation, and the allowance for credit loss accounts.

Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events up through and including March 25, 2025, which is the date the financial statements were available to be issued.

Note 3 - Business Combinations

GG Services Holdings, Inc.

On April 10, 2023, Clintar, Inc. acquired the membership interests of GG Services Holdings, Inc. (Green Guard Services). As a result of this transaction, the purchase price was allocated to Green Guard Services' balance sheet, resulting in a new basis of accounting. This included a step-up of certain assets to fair value and the recognition of certain identifiable intangible assets, as provided for under the purchase method of accounting. The following table summarizes the fair value of the consideration transferred as part of the acquisition of Green Guard Services:

Capital contributions	\$ 10,941,894
Rollover equity	1,050,000
Net working capital adjustment	(199,243)
	<hr/>
Fair value of total consideration transferred	\$ 11,792,651

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Business Combinations (Continued)

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$ 1,508,023
Accounts receivable	667,211
Other assets	69,896
Property and equipment	495,695
Separately identifiable intangible assets	583,000
Operating right-of-use assets	1,072,909
Accounts payable	(94,630)
Accrued expenses	(79,243)
Accrued compensation	(80,307)
Operating lease obligations	(1,072,909)
Total identifiable net assets	3,069,645
Goodwill	8,723,006
Total	\$ 11,792,651

Intangible assets acquired consist of trade names of \$583,000. The Company did not separately value the customer relationships or noncompete intangible assets from goodwill in accordance with the private company alternative available under FASB ASC 805, *Business Combinations*. The fair value of the intangible assets is based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements under ASC 820-10. The fair value of the trade names was determined under the income approach, specifically the relief from royalty method.

In addition, goodwill of \$8,723,006 was recorded to reflect the excess of the purchase price over the estimated fair value of the net identifiable assets acquired, which is deductible for tax purposes.

The Company incurred \$1,163,894 of acquisition costs, which is included in operating expenses within the accompanying consolidated statement of operations for the year ended December 31, 2023.

U.S. Lawns, Inc.

On January 12, 2024, Clintar, Inc. acquired 100 percent of the outstanding common stock of U.S. Lawns, Inc. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the landscaping and snow removal industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Fair value of total consideration transferred - Cash	\$ 51,135,157
--	---------------

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Business Combinations (Continued)

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$	400
Accounts receivable		1,342,787
Prepays and other assets		570,015
Property and equipment		174,981
Right-of-use assets		645,805
Intangible assets		18,874,000
Deferred tax assets		224,000
Accounts payable		(351,966)
Deferred franchise fees		(887,695)
Lease liabilities		(645,805)
Accrued expenses		(181,336)
Total identifiable net assets		19,765,186
Goodwill		31,369,971
Total	\$	<u>51,135,157</u>

The fair value of financial assets includes accounts receivable with a gross contractual value of \$1,806,559, of which \$463,772 is expected to be uncollectible.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately \$1,571,000 and have been included in operating expenses on the accompanying consolidated statement of operations.

Restoration Specialties Holdings, LLC

On June 17, 2024, Clintar, Inc. acquired 100 percent of the outstanding membership interests of Restoration Specialties Holdings, LLC. The primary reason for the acquisition was to expand the Company's portfolio of franchised brands within the specialty restoration industry.

The following table summarizes the fair value of the consideration transferred as part of the acquisition:

Cash	\$	20,272,444
Noncash rollover equity - Common stock		2,000,000
Fair value of total consideration transferred	\$	<u>22,272,444</u>

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 3 - Business Combinations (Continued)

The fair value of the 1,019 shares of common stock issued as noncash rollover equity was based on a valuation of the Company's stock using an option-pricing model. See Note 11 for further details.

The following table summarizes the acquisition-date fair values of the assets acquired and liabilities assumed:

Cash	\$	258,509
Accounts receivable		169,901
Prepays and other assets		44,669
Property and equipment		15,441
Right-of-use assets		70,508
Intangible assets		12,740,000
Deferred tax assets		203,000
Accounts payable		(60,981)
Deferred franchise fees		(698,852)
Lease liabilities		(70,508)
Accrued expenses		(385,287)
Total identifiable net assets		12,286,400
Goodwill		9,986,044
Total	\$	<u>22,272,444</u>

The fair value of financial assets includes accounts receivable with a gross contractual value of \$169,901.

Identifiable intangible assets acquired and subject to amortization include the trade name and franchise agreements with estimated useful lives of 15 years. The fair value of the trade name was determined using a relief from royalty method, and the fair value of the franchise agreements was determined using a multiperiod excess earnings method.

Goodwill was recognized for the excess of the purchase price over the fair value of the net assets acquired. Goodwill relates to the growth potential of the Company, the value of customer-related intangibles, and management and operational expertise. The weighted-average amortization period for the goodwill recognized is 10 years.

Acquisition-related costs, which include legal, accounting, and transaction fees, were approximately \$2,559,364 and have been included in operating expenses on the accompanying consolidated statement of operations.

Note 4 - Accounts Receivable Credit Losses Allowance

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

	2024	2023
Balance - January 1	\$ 612,069	\$ 263,852
Additions charged to expense	574,457	258,348
Deductions/Write-offs	27,609	89,869
Balance - December 31	<u>\$ 1,214,135</u>	<u>\$ 612,069</u>

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2024	2023	Depreciable Life - Years
Machinery and equipment	\$ 107,831	\$ 149,754	5
Transportation equipment	436,727	379,790	5
Furniture and fixtures	85,764	47,071	5
Computer equipment and software	504,489	284,365	5
Leasehold improvements	211,493	205,276	5-15
Total cost	1,346,304	1,066,256	
Accumulated depreciation	565,442	270,237	
Net property and equipment	<u>\$ 780,862</u>	<u>\$ 796,019</u>	

Depreciation expense for 2024 and 2023 was \$299,864 and \$95,833, respectively.

Note 6 - Intangible Assets and Goodwill

Intangible assets and goodwill of the Company at December 31, 2024 and 2023 are summarized as follows:

	2024		2023	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets and goodwill:				
Trade names	\$ 9,318,987	\$ 990,971	\$ 3,161,987	\$ 435,032
Franchise agreements	27,684,513	1,923,675	2,227,513	693,235
Goodwill	59,465,661	8,644,196	18,109,646	3,383,799
Total amortized intangible assets	<u>\$ 96,469,161</u>	<u>\$ 11,558,842</u>	<u>\$ 23,499,146</u>	<u>\$ 4,512,066</u>

Amortization expense for intangible assets and goodwill totaled \$7,046,776 and \$1,951,203 for the years ended December 31, 2024 and 2023, respectively.

Goodwill totaling approximately \$41,356,000 and \$8,723,000 was added during 2024 and 2023, respectively, as a result of the acquisitions disclosed in Note 3.

Net goodwill of approximately \$4,755,000 is held by an entity in a foreign jurisdiction.

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

Years Ending	Amount
2025	\$ 8,413,466
2026	8,413,466
2027	8,413,466
2028	8,413,466
2029	8,413,466
Thereafter	42,842,989
Total	<u>\$ 84,910,319</u>

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 7 - Long-term Debt

Long-term debt at December 31, 2024 is as follows:

Term loan with a bank requiring quarterly principal payments equal to 0.25 percent of the original loan balance of \$36,000,000 (or \$90,000), including interest at the adjusted term SOFR or ABR, plus the applicable margin (an effective rate of 9.36 percent at December 31, 2024). The note is collateralized by all assets of the Company and matures on June 17, 2030, at which time a balloon payment for the remainder of the balance is due. The Company is subject to a quarterly total net leverage ratio covenant	\$ 35,820,000
Unamortized debt issuance costs	(962,865)
Long-term debt less unamortized debt issuance costs	34,857,135
Less current portion	360,000
Long-term portion	<u>\$ 34,497,135</u>

The balance of the above debt matures as follows:

Years Ending	Amount
2025	\$ 360,000
2026	360,000
2027	360,000
2028	360,000
2029	360,000
Unamortized debt discount	(962,865)
Thereafter	34,020,000
Total	<u>\$ 34,857,135</u>

In addition to the long-term debt disclosed above, the Company has a revolver commitment of \$7,000,000 and a delayed draw term loan commitment of \$25,000,000. The revolver commitment terminates on June 17, 2030, and the delayed draw term loan commitment terminates on June 17, 2026. There were no amounts outstanding for either commitment as of December 31, 2024.

Note 8 - Leases

The right-of-use assets and related lease liabilities have been calculated using discount rates ranging from 3.76 percent to 4.75 percent. The leases require the Company to pay taxes, insurance, utilities, and maintenance costs.

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 8 - Leases (Continued)

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

Years Ending December 31	Amount
2025	\$ 554,067
2026	403,063
2027	183,382
2028	112,022
Total	1,252,534
Less amount representing interest	11,701
Present value of net minimum lease payments	1,240,833
Less current obligations	507,060
Long-term obligations under leases	<u>\$ 733,773</u>

Expenses recognized under these leases for the years ended December 31, 2024 and 2023 consist of the following:

	2024	2023
Lease cost:		
Operating lease cost	\$ 604,548	\$ 387,752
Short-term lease cost	-	15,294
Total lease cost	<u>\$ 604,548</u>	<u>\$ 403,046</u>
Other information:		
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	\$ 487,973	\$ 387,752
Weighted-average remaining lease term (years) - Operating leases	3.42	2.82
Weighted-average discount rate - Operating leases	4.2 %	3.2 %

Note 9 - Income Taxes

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Foreign - Current tax expense	\$ 1,537,807	\$ 429,044
Foreign - Deferred tax expense (recovery)	390,415	(7,083)
Total income tax expense	<u>\$ 1,928,222</u>	<u>\$ 421,961</u>

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 9 - Income Taxes (Continued)

The details of the net deferred tax liability at December 31 are as follows:

	2024	2023
Total deferred tax liabilities	\$ (1,204,963)	\$ (1,183,957)
Total deferred tax assets	6,240,677	3,251,569
Valuation allowance recognized for deferred tax assets	(6,072,936)	(3,141,419)
Total	<u>\$ (1,037,222)</u>	<u>\$ (1,073,807)</u>

Estimated taxes payable as of December 31, 2024 equaled \$1,295,818, all of which relate to 2792705 Ontario Inc. and TruServe Groundscore Inc. and are owed to the Canada Revenue Agency.

Note 10 - Related Party Transactions

The Company signed consulting services agreements with affiliates of the majority equity holder of the Company to provide for certain consulting and advisory services. The agreements also require periodic reimbursement of out-of-pocket expenses associated with such services. There was \$593,551 and \$610,010 expensed under these agreements for the years ended December 31, 2024 and 2023, respectively, which was included in operating expenses in the consolidated statements of operations.

Note 11 - Stockholders' Equity

Common Stock

The Company has 300,000 shares of common stock authorized and 55,680 and 28,818 shares issued and outstanding as of December 31, 2024 and 2023, respectively, with a par value of \$0.01.

Stock Options

The Company's 2020 Equity Incentive Plan (the "Plan") permits the grant of stock options to the Company's employees and members of the board of directors. The Company believes that such awards better align the interests of its employees with those of its stockholders. Stock options are granted with an exercise price equal to the estimated fair value of the Company's common stock at the grant date. The plan administrator may determine the time or times at which a stock option granted will vest or become exercisable and the terms that require exercisability of a stock option. Generally, the stock options issued vest over a period of seven years. However, upon the occurrence of a change in control event, all options granted will become immediately exercisable.

The fair value of each time-based vesting stock option is estimated on the date of grant using a Black-Scholes-based valuation model that uses various assumptions regarding the: (1) expected volatility in the fair value of the Company's common stock, (2) expected term of the award, (3) expected dividend yield on the underlying common stock, (4) risk-free interest rate based on the U.S. Treasury yield curve, and (5) current price of the underlying common stock. The Company based its expected volatility calculation upon similar, publicly traded companies tracked over a five-year period. The Company has assumed the vesting term as the expected life of the stock options based on when a change of control is expected to occur. The Company did not contemplate any expected dividends. A U.S. Treasury bond rate was utilized as of the respective grant date in line with the expected life of the options.

The specific assumptions used to determine the fair value of the stock options granted were as follows:

	2024	2023
Expected volatility	30.00 %	25.00 %
Expected life (years)	4	7
Risk-free interest rate	4.04 %	4.23 %

EverSmith Brands Holding Company and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Note 11 - Stockholders' Equity (Continued)

A summary of option activity under the Plan for the years ended December 31, 2024 and 2023 is presented below:

Options	Number of Shares	Weighted-average Exercise Price	Weighted-average Remaining Contractual Term (in Years)
Outstanding at January 1, 2023	1,278	\$ 1,110.00	10.8
Granted	445	1,664.00	9.3
Forfeited or expired	(508)	1,133.00	9.2
Outstanding at December 31, 2023	1,215	1,301.00	9.9
Granted	2,007	1,847.00	6.5
Forfeited or expired	(1,530)	1,443.00	5.7
Outstanding at December 31, 2024	1,692	1,857.00	6.3
Exercisable at December 31, 2023	251	1,093.00	9.9
Exercisable at December 31, 2024	345	1,693.00	5.9

A summary of nonvested shares under the Plan for the years ended December 31, 2024 and 2023 is presented below:

Nonvested Shares	Number of Shares	Weighted-average Grant-date Fair Value
Nonvested at January 1, 2023	1,028	\$ 393.00
Granted	445	630.00
Vested	(166)	364.00
Forfeited or expired	(342)	333.00
Nonvested at December 31, 2023	965	534.00
Granted	2,007	634.00
Vested	(111)	614.00
Forfeited or expired	(1,530)	484.00
Nonvested at December 31, 2024	1,331	682.00

As of December 31, 2024 and 2023, there was \$997,108 and \$478,469, respectively, of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted under the Plan. That cost is expected to be recognized over a weighted-average period of 6.3 years.

Note 12 - Subsequent Events

On February 3, 2025, the Company entered into a membership interest purchase agreement to acquire the outstanding equity interests of The Seals Franchising, LLC in a business acquisition accounted for as a business combination. The purchase price at the date of closing was approximately \$1,400,000, which was funded with a \$2,000,000 draw on the Company's credit facility subsequent to December 31, 2024. As of the date the consolidated financial statements were available to be issued, the purchase price allocation has not been completed.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2023 and 2022

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

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Independent Auditor's Report

The Board of Directors
EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
Charlotte, North Carolina

Opinion

We have audited the consolidated financial statements of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, stockholders' 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 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.

March 28, 2024

Consolidated Financial Statements

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Balance Sheets

<i>December 31,</i>	2023	2022
Assets		
Current Assets		
Cash	\$ 2,711,279	\$ 4,733,869
Advertising fund restricted assets	328,234	489,807
Accounts receivable, net of allowance for credit losses	3,615,646	2,568,780
Unbilled revenue	610,886	593,276
Inventory	-	35,256
Prepaid expenses and other current assets	405,895	142,332
Deferred contract acquisition costs, short-term	71,280	29,975
Total Current Assets	7,743,220	8,593,295
Property and Equipment, Net	796,019	217,041
Other Assets		
Income tax receivable	-	35,457
Deferred contract acquisition costs, long-term	593,583	262,079
Intangibles, net	4,261,233	4,036,649
Goodwill, net	14,725,847	7,416,106
Operating right-of-use assets	1,130,780	410,947
Total Other Assets	20,711,443	12,161,238
Total Assets	\$ 29,250,682	\$ 20,971,574
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,795,159	\$ 1,908,612
Income tax payable	421,961	-
Advertising fund restricted liabilities	363,756	486,509
Accrued expenses	860,214	677,961
Accrued compensation	529,572	981,195
Short-term deferred revenue	139,360	62,758
Current portion of operating lease obligations	422,328	144,553
Total Current Liabilities	4,532,350	4,261,588
Long-Term Liabilities		
Long-term deferred revenue	926,109	459,845
Operating lease obligations, less current portion	723,255	268,324
Deferred income taxes	1,073,807	1,120,624
Total Long-Term Liabilities	2,723,171	1,848,793
Total Liabilities	7,255,521	6,110,381
Stockholders' Equity		
Common stock, \$0.01 par value, 300,000 shares authorized at December 31, 2023 and 2022, and 28,818 and 21,380 shares issued and outstanding at December 31, 2023 and 2022, respectively	288	214
Additional paid-in capital	37,145,577	23,852,537
Accumulated deficit	(14,542,708)	(8,098,798)
Accumulated other comprehensive loss	(607,996)	(892,760)
Total Stockholders' Equity	21,995,161	14,861,193
Total Liabilities and Stockholders' Equity	\$ 29,250,682	\$ 20,971,574

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
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Consolidated Statements of Operations

<i>Year ended December 31,</i>	2023	2022
Revenue		
Royalty fees	\$ 5,676,883	\$ 5,644,549
Professional service fees	15,647,169	10,874,796
Promotional fund revenue	315,957	322,017
Initial franchise fees	94,011	17,621
Chemical product revenue	119,685	248,347
Other revenue	315,452	103,106
Total Revenue	22,169,157	17,210,436
Operating Costs and Expenses		
Cost of professional service revenue	11,634,041	9,360,432
Selling, general, and administrative	13,362,929	9,770,701
Depreciation and amortization	2,047,036	1,510,787
Transaction expenses	1,163,894	-
Total Operating Costs and Expenses	28,207,900	20,641,920
Loss from Operations	(6,038,743)	(3,431,484)
Other (Income) Expense, Net	(16,794)	26,410
Loss from Operations, before income taxes	(6,021,949)	(3,457,894)
Income Tax Expense	421,961	347,696
Net Loss	(6,443,910)	(3,805,590)
Foreign Currency Translation Adjustment	284,764	(880,147)
Comprehensive Loss	\$ (6,159,146)	\$ (4,685,737)

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
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Consolidated Statements of Stockholders' Equity

	Common Stock			Accumulated Other Comprehensive Loss	Accumulated Deficit	Total Stockholders' Equity
	Shares	\$0.01 Par Value	Additional Paid-in Capital			
Balance, January 1, 2022	18,823	\$ 188	\$ 19,782,866	\$ (12,613)	\$ (4,293,208)	\$ 15,477,233
Issuance of common stock	2,557	26	3,999,974	-	-	4,000,000
Stock-based compensation	-	-	69,697	-	-	69,697
Net loss	-	-	-	-	(3,805,590)	(3,805,590)
Foreign currency translation adjustment	-	-	-	(880,147)	-	(880,147)
Balance, December 31, 2022	21,380	214	23,852,537	(892,760)	(8,098,798)	14,861,193
Issuance of common stock	7,438	74	13,220,486	-	-	13,220,560
Stock-based compensation	-	-	72,554	-	-	72,554
Net loss	-	-	-	-	(6,443,910)	(6,443,910)
Foreign currency translation adjustment	-	-	-	284,764	-	284,764
Balance, December 31, 2023	28,818	\$ 288	\$ 37,145,577	\$ (607,996)	\$ (14,542,708)	\$ 21,995,161

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
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Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2023	2022
Cash Flows from Operating Activities		
Net loss	\$ (6,443,910)	\$ (3,805,590)
Reconciliation of net loss to net cash used in operating activities, net of assets acquired and liabilities assumed in business acquisitions:		
Depreciation and amortization expense	2,047,036	1,510,787
Amortization of right-of-use assets	358,968	163,136
Stock compensation expense	72,554	69,697
Deferred income taxes	421,961	347,696
Bad debt expense	258,348	128,577
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	(592,949)	(391,903)
Unbilled revenue	(17,610)	105,358
Inventory	35,256	95,603
Advertising fund restricted assets and liabilities	(209,286)	(125,595)
Deferred contract acquisition costs	(372,636)	(292,054)
Income tax receivable	(35,457)	(174,537)
Prepaid expenses and other current assets	(162,580)	135,786
Accounts payable	(224,092)	(219,503)
Income tax payable	421,961	-
Deferred revenue	540,915	523,745
Right-of-use lease liability	(346,157)	(161,129)
Accrued expenses	(403,190)	615,859
Net Cash Used in Operating Activities	(4,650,868)	(1,474,067)
Cash Flows from Investing Activities		
Business acquisition, net of cash acquired	(9,234,628)	-
Capital expenditures	(190,387)	(52,917)
Proceeds from sale of property and equipment	25,737	-
Net Cash Used in Investing Activities	(9,399,278)	(52,917)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock	12,170,560	4,000,000
Net Cash Provided by Financing Activities	12,170,560	4,000,000
Net Effect of Exchange Rate Changes on Cash	(391,110)	(118,501)
Net (Decrease) Increase in Cash and Restricted Cash	(2,270,696)	2,354,515
Cash and Restricted Cash, beginning of year	5,038,548	2,684,033
Cash and Restricted Cash, end of year	\$ 2,767,852	\$ 5,038,548
Supplemental Disclosures of Cash Flow Information		
Taxes paid in cash	\$ 187,543	\$ 192,280
Supplemental Disclosures of Non-Cash Investing and Financing Activities		
Liabilities assumed in connection with business acquisition	\$ 1,327,089	\$ -
Equity issued in connection with business acquisition	1,050,000	-
Operating lease right-of-use assets obtained in exchange for operating lease liabilities upon ASC 842 adoption	-	567,758

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

1. Organization and Description of Business

The accompanying consolidated financial statements include the accounts of EverSmith Brands Holding Company, formerly known as Clintar Holding Company (Holdings), a Delaware corporation, and its wholly owned subsidiaries, EverSmith Brands Intermediate Holding Company, formerly known as Clintar Intermediate Holding Company; 2792705 Ontario Inc.; TruServe Groundscare Inc.; Clintar, Inc.; Clintar Franchising, Inc.; milliCare, Inc.; milliCare Franchising, LLC; Kitchen Guard Franchising, Inc.; and Green Guard Services, LLC (collectively, Clintar or the Company). Effective March 14, 2023, the name of Holdings was rebranded to EverSmith Brands Holding Company (Holdings).

On December 14, 2020, Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. (collectively, RMCF or Riverside) acquired a majority ownership in the Company through RMCF's investment in Holdings and a stock purchase agreement with 2792705 Ontario Inc.

Holdings, headquartered in Charlotte, North Carolina, is a holding company owning subsidiaries principally engaged as franchisors of businesses, which provide landscaping and snow removal services throughout Canada, as well as providing landscaping and snow removal services directly to customers where franchising territories do not exist.

On November 12, 2021, the Company acquired the assets of milliCare, Inc., a complementary franchisor of businesses, which provides operating floor and textile care services throughout the Eastern United States, as well as providing professional floor cleaning directly to customers where franchising territories do not exist.

On April 10, 2023, the Company acquired the membership interests of Green Guard Services Inc., a complementary service business that provides commercial kitchen exhaust cleaning and ancillary services throughout California. After the acquisition, Green Guard Services Inc. was restructured to Green Guard Services, LLC. The Company created the legal entity, Kitchen Guard Franchising, Inc. to franchise the Green Guard Services, LLC brand. There were no franchise sales in 2023.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and include the results of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries for the years ended December 31, 2023 and 2022. The results of Green Guard Services Inc. are included from the date of acquisition, April 10, 2023, through December 31, 2023. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

Significant estimates made by management in the preparation of the consolidated financial statements include, among other estimates, the determination of the purchase price allocations and the related valuation of intangible assets and other assets and liabilities acquired, depreciation and amortization, useful lives, stock-based compensation, and the allowance for credit loss accounts.

Reclassifications

Unbilled revenue previously included in accounts receivable, net of allowance for credit losses as of December 31, 2022 were reclassified to unbilled revenue on the consolidated balance sheet and the consolidated statements of cash flows to conform to the current year presentation. This reclassification does not result in any changes to previously reported total assets, stockholder's equity, and net income.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (USD). The Company's functional currency for its operations in Canada is the Canadian dollar (CAD). Assets and liabilities are translated using the exchange rates as of year-end and revenues and expenses are translated using average exchange rates. Equity is translated at historical rates with resulting translation gains and losses included in the Company's consolidated statements of stockholders' equity as a component of accumulated other comprehensive loss.

Gains and losses arising from foreign currency transactions are included in the consolidated statements of operations in operating expenses. Intercompany balances denominated in a currency other than the functional currency of the parties to the transaction create foreign currency gains and losses that survive consolidation, even though the intercompany balances do not.

Concentrations of Risk

One customer group made up approximately 17% and 31% of the Company's net sales for the years ended December 31, 2023 and 2022, respectively. The same customer group made up approximately 14% and 16% of the Company's outstanding accounts receivable at December 31, 2023 and 2022, respectively. No other customer groups exceeded 10% of the Company's revenue for the years ended December 31, 2023 and 2022 or outstanding accounts receivable at December 31, 2023 and 2022.

Cash

Cash includes cash on deposit and highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with institutions with high-credit quality. However, at certain times, such cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation limits of \$250,000. Additionally, the Company maintains cash in various foreign institutions amounting to \$1,429,696 and \$1,351,550 as of December 31, 2023 and 2022, respectively, converted at year-end exchange rates. The Company has not experienced any losses on such amounts.

Restricted Cash

In accordance with the milliCare's franchise agreements, certain cash accounts established for promotional or advertising contributions and spending are restricted in their use for cash collected

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by the promotional fund, usage of which is restricted for advertising activities and is included in advertising fund restricted assets on the consolidated balance sheets. Refer to Note 8 for further information.

Reconciliation of cash and restricted cash is as follows:

<i>Year ended December 31,</i>	2023	2022
Cash	\$ 2,711,279	\$ 4,733,869
Restricted cash, included in advertising fund restricted assets	56,573	304,679
Total Cash and Restricted Cash	\$ 2,767,852	\$ 5,038,548

Property and Equipment, Net

Property and equipment are recorded at the estimated fair market value at the date of the respective business acquisitions. Additions subsequent to the business acquisitions are recorded at cost, less accumulated depreciation and amortization. The Company has adopted the straight-line method of depreciation and amortization over the estimated useful lives of the assets, as follows:

<i>Asset Category</i>	<i>Years</i>
Office and computer equipment	5
Furniture and fixtures	5
Vehicles	5
Leasehold improvements	Shorter of the lease term or estimated life of the asset

For the years ended December 31, 2023 and 2022, depreciation expense for property and equipment of \$95,833 and \$62,839, respectively, is included in depreciation and amortization within the accompanying consolidated statements of operations.

Business Combinations

When the Company acquires businesses in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur that may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 3 for further information.

Goodwill

Goodwill represents the purchase price in excess of the fair value of net assets acquired in a business combination. As discussed below, on December 14, 2020, the Company elected to adopt Accounting Standards Update (ASU) 2014-02, *Intangibles - Goodwill and Other (Topic 350)*, which allows private companies to amortize goodwill, an alternative to the previously issued standard ASU 2011-08. Upon adoption on December 14, 2020, the Company began to amortize goodwill over ten years. Under ASU 2014-02, the Company has elected to test goodwill for impairment at the entity level. Goodwill

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will be tested for impairment when a triggering event occurs that indicates the fair value of the entity may be below the carrying amount, including goodwill. There were no impairment charges for the years ended December 31, 2023 and 2022.

In December 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-08, *Business Combinations (Topic 805)*, to allow private companies an accounting alternative that no longer requires recognition of customer-related intangibles assets, unless they are capable of being sold or licensed independently from the other assets of the business, and noncompetition agreements separately from goodwill in a business combination if the company has adopted ASU 2014-02. The Company adopted ASU 2014-08 on December 14, 2020 and, accordingly, did not separately value any customer-related intangible assets or noncompetition agreements for the acquisitions described in Note 3.

In March 2021, the FASB issued ASU 2021-03, *Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*, which provides private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as of the end of the reporting period. Under current guidance in Accounting Standards Codification (ASC) 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of an entity is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. Under ASU 2021-03, an entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. The amendments in this update are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. The Company adopted ASU 2021-03 on December 14, 2020.

Definite-Lived Intangible Assets

Intangible assets consist of trade names and franchise agreements and were recorded at their estimated fair value at the date of acquisitions. These assets are amortized on a straight-line basis that approximates the estimated pattern benefit to be realized from each asset over their estimated useful lives ranging from six to 20 years. The Company evaluates definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its carrying amount. There were no impairment charges recorded related to definite-lived intangible assets for the years ended December 31, 2023 and 2022.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2023 and 2022, the Company incurred advertising expense of \$843,644 and \$526,098, respectively, which is included in selling, general, and administrative expenses on the consolidated statements of operations.

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Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers (Topic 606)*, revenue is recognized when (or as) a customer obtains control of promised goods or services. The amount of revenue is measured as the transaction price that reflects the consideration that the Company expects to be entitled to receive in exchange for these services. The Company generates all revenue from contracts with customers.

To achieve the core principle of this new standard, the Company applies the following steps:

1. *Identification of the Contract, or Contracts, with the Customer*

The Company considers the terms and conditions of the contract and customary business practices in identifying contracts under ASC 606. The Company determines it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services to be transferred, the Company can identify the payment terms for the services, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, and financial information pertaining to the customer. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted together as a single contract.

2. *Identification of the Performance Obligations in the Contract*

Performance obligations promised in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. The Company considers the following distinct goods and services to represent separate performance obligations for the purpose of revenue recognition: initial franchise fees, royalty fees, promotional fund fees, monthly technology fees, monthly bookkeeping fees, renewal fees, professional kitchen hood cleaning services landscaping services, and snow removal services.

3. *Determination of the Transaction Price*

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4. *Allocation of the Transaction Price to the Performance Obligation in the Contract*

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP).

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5. *Recognition of the Revenue When, or as, the Company Satisfies a Performance Obligation*

Revenue is recognized at the time (or as) the related performance obligation is satisfied by transferring control of the promised good or service to the customer in an amount that reflects the consideration that the Company expects to receive in exchange for those goods and services.

The Company derives its revenue from the following sources:

Franchise Revenue

The terms of the franchise agreements for the Company are typically ten years. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following relating to upfront franchisee fees:

- *Intellectual Property (IP)* - Licenses grant an exclusive right to establish and operate a landscaping, snow removal, and commercial floor cleaning business under the trademarks and systems established as part of the Clintar, milliCare, or Kitchen Guard license during the term of the agreement.
- *Continuing Consulting Services* - These services include the review of plans, equipment and merchandise selection, establishment and implementation of administrative, bookkeeping, accounting, inventory control, and general operating procedures.
- *Operations Manual and Brand-Specific Training Services* - These provide training programs, operating manuals, development of standards, and pricing policies, specific to the Clintar, milliCare, and Kitchen Guard brands.
- *Pre-Opening Services* - These provide primarily site selection, training programs, and setting up the franchisee records.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single performance obligation of providing the franchise license. The standard specifically identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access and, therefore, meets the criterion of recognizing revenue over time. Royalty fees represent the majority of consideration the Company receives under franchise agreements and are recognized over time each month. Revenue related to upfront fees allocated to this single performance obligation is recognized over time using a straight-line measure of progress as the control of various services is provided to the customer ratably over the term of the contract for the initial upfront fee. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and, therefore, would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion. The contracts the Company enters contain several types of payments, including:

- *Clintar Initial Franchisee Fees* - Franchise agreements require an initial fee of \$40,000 CAD for each territory. The initial franchise fees are due and payable when a contract is signed and is not refundable.
- *milliCare Initial Franchise Fees* - Franchise agreements require an initial franchise fee of \$45,000 USD. Effective in 2023, the Company increased the initial franchise fee amount to

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\$49,000. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of \$9,000. The Company offers a \$5,000 discount for veterans who present satisfactory evidence of honorable discharge. Franchisees are eligible for discounts within the first 12 months of operations if revenue levels exceed \$200,000.

- *Kitchen Guard Initial Franchise Fees* - Franchise agreements require an initial franchise fee of \$49,000 USD. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of \$9,000. The Company offers a \$5,000 discount for veterans who present satisfactory evidence of honorable discharge. There were no Kitchen Guard Franchising, Inc. initial franchise sales in 2023.
- *Royalty Fees* - The Company receives monthly royalty payments based on a percentage of each franchisee's gross billings throughout the initial term. The franchisee is required to meet a certain minimum revenue level for the payment of these royalty fees in any given month, payable monthly on or before the 15th of each month and based upon gross sales for the immediately preceding month.
- *Bookkeeping Services* - The Company receives monthly fees for performing bookkeeping services to franchisees.
- *Monthly Technology Fees* - The Company receives monthly fees for the use of its technology.
- *Renewal Fees* - Franchise agreements include renewal options for an additional ten-year term. The Company has not historically charged a renewal fee.
- *Promotional Fund Revenue* - milliCare and Kitchen Guard maintains a national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchisees in the United States. Franchisees make contributions to the national advertising fund based on a percentage of sales of the franchisees. As of December 31, 2023 and 2022, the Company recorded a promotional fund liability of \$363,756 and \$486,509, respectively, for funds received and reserved for future advertising spend. Refer to Note 8 for further information. There were no Kitchen Guard Franchising, Inc. promotional fund sales in 2023.

The Company recognizes revenue for each performance obligation identified within the customer franchise agreement when, or as, the performance obligation is satisfied by transferring the promised goods or services. All revenue is recognized over time.

Landscaping, Snow Removal, Professional Hood Cleaning Services, and Professional Floor Cleaning Services

The Company's professional services include snow removal, landscaping, professional kitchen hood cleaning services, and professional floor cleaning services to where a franchisee territory is not located. Revenue is recognized over time as the services are rendered.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent trade receivables from customers for which the Company has not yet received payment. Accounts receivable are presented net of an allowance for credit losses. The Company maintains an allowance for credit losses for estimated credit losses resulting from the inability of customers to make required payments, or the customer canceling prior to the service being rendered. In evaluating the sufficiency of the allowance for credit losses, the Company considers the specific details of the customer account, the age of the outstanding balance, the

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current economic environment, and historical credit trends. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for credit losses being recognized in the period in which the change occurs. Receivable balances are charged off when all collection efforts have failed, and management determines the balance is uncollectable. In the case of balances relating to services not yet rendered, the balance is charged off when the customer cancels the service or when the Company determines that the invoiced service will no longer be provided, whichever occurs first. The allowance for credit losses was \$612,069 and \$263,852 at December 31, 2023 and 2022, respectively.

Unbilled Revenue

Contract assets consist of unbilled revenue. The Company records royalty revenue that has been recognized but not invoiced to its customers in unbilled revenue until the respective amount is invoiced, which is then included within accounts receivable. Unbilled revenue is included within current assets, as the amounts are similar to accounts receivable and are short-term in nature.

Deferred Revenue

The Company records amounts that have been invoiced to its clients in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met. Deferred revenue that will be recognized during the succeeding 12-month period from the respective consolidated balance sheet date is recorded as short-term deferred revenue and the remaining portion is recorded as long-term.

Contract liabilities consist of deferred revenue and include payments received in advance of performance under the contract and non-cancellable amounts billed in advance relating to initial franchise fee invoiced. Such amounts typically relate to the initial franchise fee paid and are recognized as revenue over the contract period, which is generally ten years.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2023, \$1,065,469 of deferred revenue is expected to be recognized from remaining performance obligations. This is comprised of initial franchise fees.

The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts, such as (i) amounts that are cancelable by the client without any significant penalty, (ii) future billings for time and material contracts, and (iii) amounts associated with optional services and renewal periods.

Deferred Contract Acquisition Costs

The Company capitalizes sales commissions and certain parts of bonuses paid to internal sales personnel and third-party broker fees that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on sales compensation plans. If the commissions or third-party broker fees are, in fact, incremental and would not have occurred absent the customer contract, such commissions or broker fees are capitalized and deferred, as further described below.

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Sales commissions for renewal of a franchise agreement or other services are not considered commensurate with the commissions paid for the acquisition of the initial franchisee agreement given the substantive difference in commission rates between new and renewal contracts. Commissions and bonuses paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of ten years. Commissions on professional services are typically recognized when incurred because professional services are performed in less than one year. The Company determined the period of benefit for commissions paid for the acquisition of the initial franchise agreements by taking into consideration the initial estimated customer life. The Company determined the period of benefit for renewal of franchisee agreements by considering the average contractual term for renewal contracts. Amortization of deferred contract acquisition costs is included in general, selling, and administrative expenses on the consolidated statements of operations.

The Company periodically reviews these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred contract acquisition costs. There were no material impairment losses recorded during the periods presented.

The following table represents a roll-forward of deferred contract acquisition costs:

Ending Balance, December 31, 2022	\$	292,054
Additions to deferred contract acquisition costs		406,230
Amortization of deferred contract acquisition costs		(33,421)
Ending Balance, December 31, 2023	\$	664,863

Future estimated amortization of capitalized commission costs is as follows at December 31, 2023:

Year ending December 31,

2024	\$	71,280
2025		71,280
2026		71,280
2027		71,280
2028		71,280
Thereafter		308,463
Total	\$	664,863

Taxes Collected from Customers and Remitted to Governmental Authorities

When required, the Company collects sales tax from its customers on sales and remits these funds to various governmental authorities when due. The Company made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by any governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer. The Company records sales tax collected from customers as a component of accrued expenses within the consolidated balance sheets.

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Leases

On January 1, 2022, the date of initial application, the Company adopted ASC 842, *Leases*, using the modified retrospective transition method whereby prior comparative periods have not been restated and continue to be reported under the accounting standards in effect for the prior period. The Company elected the package of practical expedients permitted under the transition guidance for all leases, which allowed the Company to adopt ASC 842 without reassessing whether arrangements contain leases, the lease classification, and the determination of initial direct costs.

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term while lease liabilities represent the obligation to make lease payments arising from the lease. All leases with an expected term greater than 12 months result in the recognition of an ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. Lease liabilities are measured at the present value of remaining lease payments, while ROU assets are initially set equal to the lease liability, as adjusted for any payments made prior to lease commencement, lease incentives, and any initial direct costs incurred by the Company. The Company elected the practical expedient for private companies that allows companies to use the risk-free discount rate at the lease commencement date to determine the present value of the lease payments instead of calculating their incremental borrowing rate.

The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Company will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an ROU asset or lease liability.

For operating leases, rent expense is recognized on a straight-line basis over the term of the lease, and ROU assets are subsequently re-measured to reflect the effect of uneven lease payments. For finance leases, ROU assets are amortized on a straight-line basis over the lease term. Expenses for finance leases include the amortization of ROU assets, which is recorded as depreciation and amortization expense, and interest expense, which reflects interest accrued on the lease liability. The Company has elected to combine lease and non-lease components, such as fixed maintenance costs, as a single lease component in calculating ROU assets and lease liabilities for all classes of leased assets.

Income Taxes

The Company is a C-corporation for U.S. tax purposes and a corporation for Canadian tax purposes and accounts for income taxes using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense, and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to differences between the tax basis of assets and liabilities and their financial reporting amounts. Deferred income tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which the deferred income tax assets or liabilities are expected to be settled or realized. In assessing the ability to realize deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers historic earnings, scheduled reversals of deferred income tax liabilities, and projected future taxable income in making this assessment.

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The Company follows the provisions of the FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*, which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense. The Company does not believe there are any material uncertain tax positions that should be recorded as of December 31, 2023 and 2022.

Fair Value of Financial Instruments

The carrying values of financial instruments, such as accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items.

Fair Value Measurements

The Company follows ASC 820-10, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology other than quoted prices in active markets are either directly or indirectly observable as of the reporting date, and the fair value can be determined using models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimate assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which applies primarily to the Company's accounts receivable impairment loss allowances. The guidance provides a revised model whereby the current expected credit losses are used to compute impairment of financial instruments. The

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new model requires evaluation of historical experience and various current and expected factors, which may affect the estimated amount of losses and requires determination of whether the affected financial instruments should be grouped in units of account. This standard was effective for private entities for annual periods beginning after December 15, 2022. The Company adopted ASU 2016-13 on January 1, 2023. There was not a material impact of this standard on the Company's financial position, results of operations, and cash flows. Refer to the accounts receivable policy in Note 1.

3. Business Combination

GG Services Holdings, Inc.

On April 10, 2023, Clintar, Inc. (d/b/a EverSmith Brands), a wholly owned subsidiary of Holdings, acquired the membership interests of GG Services Holdings, Inc. (Green Guard Services). As a result of this transaction, the purchase price was allocated to Green Guard Services' balance sheet, resulting in a new basis of accounting. This included a step-up of certain assets to fair value and the recognition of certain identifiable intangible assets, as provided for under the purchase method of accounting.

The investment to fund the acquisition consisted of the following:

Capital contributions	\$ 12,105,788
Rollover equity	1,050,000
Net working capital adjustment	(199,243)
Total Initial Investment	\$ 12,956,545

The total consideration has been allocated using the purchase method of accounting to the assets acquired and liabilities assumed based upon a determination of estimated fair values, as follows:

Cash	\$ 1,508,023
Accounts receivable	667,211
Other assets	69,896
Property and equipment	495,695
Separately identifiable intangible assets	583,000
Goodwill	8,723,006
Operating right-of-use assets	1,072,909
Total Assets	13,119,740
Accounts payable	94,630
Accrued expenses	79,243
Accrued compensation	80,307
Operating lease obligations	1,072,909
Total Liabilities	1,327,089
Net Assets Acquired	\$ 11,792,651

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The excess of the initial investment over the net assets acquired was used to cover acquisition costs, and to fund additional working capital for operations.

Intangible assets acquired consist of trade names of \$583,000. The Company did not separately value the customer relationships or non-compete intangible assets from goodwill, in accordance with the private-company alternative available under FASB ASC 805, *Business Combinations*. The fair value of the intangible assets is based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements under ASC 820-10. The fair value of the trade names was determined under the income approach, specifically the relief-from-royalty method.

In addition, goodwill of \$8,723,006 was recorded to reflect the excess of the purchase price over the estimated fair value of the net identifiable assets acquired, which is deductible for tax purposes.

The Company incurred \$1,163,894 of acquisition costs, which is included in operating expenses within the accompanying consolidated statement of operations for the year ended December 31, 2023.

4. Intangible Assets, Net

Acquired intangible assets (other than goodwill) consist of the following:

December 31, 2023

	Cost	Accumulated Amortization	Net Book Value
Trade names	\$ 3,161,987	\$ (435,032)	\$ 2,726,955
Franchise agreements	2,227,513	(693,235)	1,534,278
Total	\$ 5,389,500	\$ (1,128,267)	\$ 4,261,233

December 31, 2022

	Cost	Accumulated Amortization	Net Book Value
Trade names	\$ 2,532,880	\$ (243,139)	\$ 2,289,741
Franchise agreements	2,188,492	(441,584)	1,746,908
Total	\$ 4,721,372	\$ (684,723)	\$ 4,036,649

For the years ended December 31, 2023 and 2022, amortization expense of \$413,289 and \$377,697, respectively, for trade names and franchise agreements is included in depreciation and amortization expense within the accompanying consolidated statements of operations. Foreign currency translation impact on intangible assets, net, was an increase of \$54,873 and a decrease of \$(219,564) for the years ended December 31, 2023 and 2022, respectively.

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Estimated amortization expense on intangible assets is as follows:

Year ending December 31,

2024	\$	455,163
2025		455,163
2026		455,163
2027		448,620
2028		402,829
Thereafter		2,044,295
Total	\$	4,261,233

5. Goodwill, Net

The Company's goodwill balance is a result of the acquisitions. The Company elected to test goodwill for impairment at the entity level and amortize the balance on a straight-line basis over a ten-year period. Amortization expense of \$1,537,914 and \$1,070,251 for the years ended December 31, 2023 and 2022, respectively, is recorded in operating expenses in the consolidated statements of operations.

The carrying value of the Company's goodwill is as follows:

<i>December 31,</i>	2023	2022
Gross Carrying Amount of Goodwill , beginning of year	\$ 9,261,991	\$ 9,692,227
Additions from business acquisition	8,723,006	-
Accumulated amortization	(3,383,799)	(1,845,885)
Foreign currency translation	124,649	(430,236)
Net Carrying Amount of Goodwill , end of year	\$ 14,725,847	\$ 7,416,106

Estimated amortization expense of goodwill is as follows:

Year ending December 31,

2024	\$	1,807,711
2025		1,807,711
2026		1,807,711
2027		1,807,711
2028		1,807,711
Thereafter		5,687,292
Total	\$	14,725,847

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6. Income Taxes

The provision for income tax expense (benefit) is as follows:

<i>Year ended December 31,</i>	2023	2022
Foreign - current	\$ 429,044	\$ 337,167
Foreign - deferred	(7,083)	10,529
Income Tax Expense	\$ 421,961	\$ 347,696

The income tax expense differs from the statutory rate due primarily to the impact of foreign income tax expense, meals and entertainment, nondeductible goodwill amortization, and valuation allowance.

The components of deferred income tax assets and liabilities are as follows:

<i>December 31,</i>	2023	2022
Deferred Income Tax Assets (Liabilities)		
Property and equipment	\$ (184,332)	\$ (78,910)
Intangible assets	(920,517)	(1,027,945)
Gain on sale of property and equipment	-	(8,704)
Prepaid expenses	(79,108)	(112)
Net operating losses	2,526,054	1,200,176
Acquisition costs	506,669	229,352
Bad debt expense	50,679	25,000
ASC 842 Lease Accounting	2,891	-
Accrued expense	163,055	-
Unrealized loss (gain)	2,221	(514)
Total Deferred Income Tax Assets (Liabilities)	2,067,612	338,343
Valuation Allowance	(3,141,419)	(1,458,967)
Deferred Income Tax Liability	\$ (1,073,807)	\$ (1,120,624)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based on current and projected future taxable income, management believes it is more likely than not that the U.S. deferred tax assets will not be realized. Therefore, a valuation allowance was placed on the Company as of December 31, 2023 and 2022. Management believes it is more likely than not that the foreign deferred tax assets will be realized.

The Company evaluates uncertain tax positions as prescribed under ASC 740, which requires significant judgments and estimates regarding the recoverability of deferred tax assets, the likelihood of the outcome of examinations of tax positions that may or may not be currently under review, and potential scenarios involving settlements of such matters. The Company assessed its uncertain tax positions and has determined that no liability should be recorded as of December 31, 2023 and 2022. The Company's policy is to recognize interest and penalties as a

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component of the provision for income taxes. For the years ended December 31, 2023 and 2022, there were no penalties or interest recorded.

The Company has available at December 31, 2023 a net operating loss carryforward of \$2,100,000 for federal tax purposes, carrying forward indefinitely, and \$400,000 for state tax purposes with various expiration dates.

7. Stockholders' Equity

Common Stock

The Company has 300,000 shares of common stock authorized and 28,818 and 21,380 shares issued and outstanding as of December 31, 2023 and 2022, respectively, with a par value of \$0.01.

Stock Options

The Company's 2020 Equity Incentive Plan (Incentive Plan) is administered through Holdings. The Incentive Plan, which is shareholder-approved, permits the grant of stock options to the Company's employees and members of the Board of Directors. The Company believes that such awards better align the interests of its employees with those of its shareholders. Stock options are granted with an exercise price equal to the estimated fair value per Holdings' common stock value at the grant date. The plan administrator may determine the time or times at which a stock option granted will vest or become exercisable and the terms that require exercisability of a stock option. Generally, the stock options issued vest over a period of seven years. For the years ended December 31, 2023 and 2022, the Company issued 445 and six stock options, respectively. As of December 31, 2023 and 2022, there were 2,145 stock options authorized under the Incentive Plan.

The fair value of each time-based vesting stock option is estimated on the date of grant using a Black-Scholes-based valuation model that uses various assumptions regarding the: (1) expected volatility in the fair value of the Company's common stock, (2) expected term of the award, (3) expected dividend yield on the underlying common stock, (4) risk-free interest rate based on the U.S. Treasury yield curve, and (5) current price of the underlying common stock. The Company based its expected volatility calculation upon similar, publicly traded companies tracked over a five-year period. The Company has assumed the vesting term as the expected life of the stock options based on when a change of control is expected to occur. The Company did not contemplate any expected dividends based upon the Company's credit facilities, which prohibits the payment of dividends. A U.S. Treasury bond rate was utilized as of the respective grant date in line with the expected life of the options.

The specific assumptions used to determine the fair value of the stock options granted were as follows:

<i>December 31,</i>	2023	2022
Expected volatility (%)	25	25
Expected dividend yield	-	-
Expected life (years)	7	7
Risk-free interest rate (%)	4.23	1.47

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A summary of rights to stock option activity under the plan is presented below:

	Options	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding , January 1, 2022	1,312	\$ 1,268	11.7
Granted	6	1,000	11.3
Forfeited or canceled	(40)	1,000	10.7
Outstanding , December 31, 2022	1,278	1,110	10.8
Granted	445	1,664	9.3
Forfeited or canceled	(508)	1,133	9.2
Outstanding , December 31, 2023	1,215	\$ 1,301	9.9
Exercisable , December 31, 2023	251	\$ 1,093	9.9

Stock-based compensation expense related to stock options granted to employees charged to operations was \$72,554 and \$69,697 for the years ended December 31, 2023 and 2022, respectively. Stock-based compensation expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations.

The following is a summary of non-vested options:

	Shares	Weighted-Average Grant-Date Fair Value per Share
Non-Vested , January 1, 2022	1,245	\$ 390
Granted	6	425
Vested	(183)	357
Forfeited or exercised	(40)	289
Non-Vested , December 31, 2022	1,028	393
Granted	445	630
Vested	(166)	364
Forfeited or exercised	(342)	333
Non-Vested , December 31, 2023	965	\$ 534

As of December 31, 2023 and 2022, there was \$478,469 and \$388,911, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company's Incentive Plan. The cost for the Company's time-vested option is expected to be recognized over a weighted-average period of 5.8 years.

8. Advertising Costs and Fund

milliCare Franchising, LLC maintains a United States national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs. Contributions to the promotional fund are required from franchisees and are based on a percentage of franchisee sales.

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Restricted assets and liabilities of the promotional fund are as follows:

<i>Year ended December 31,</i>	2023	2022
Restricted cash	\$ 56,573	\$ 304,679
Accounts receivable	271,661	185,128
Advertising Fund Restricted Assets	\$ 328,234	\$ 489,807
Accounts payable	\$ 18,632	\$ 75,802
Accrued expenses and other current liabilities	345,124	410,707
Advertising Fund Restricted Liabilities	\$ 363,756	\$ 486,509

Advertising promotional fund expense is included in selling, general, and administrative expenses on the accompanying consolidated statements of operations and totaled \$375,458 and \$485,018 for the years ended December 31, 2023 and 2022, respectively. The 2022 advertising fund restricted liabilities were funded by Holdings during 2023.

9. Lease Obligations

The Company has operating lease arrangements for its various office spaces, office equipment, and vehicle that have lease terms that range from three to five years, some of which include renewal and termination options that can be elected by the Company. For the majority of leases entered into during the current period, the Company concluded it is not reasonably certain that the Company would exercise the options to extend the lease or not terminate the lease. Therefore, as of the lease commencement date, the Company's lease terms generally do not include these options. The Company includes options to extend the lease when it is reasonably certain that the Company will exercise that option.

The Company's leases typically include a combination of fixed and variable payments. Fixed payments are generally included when measuring the ROU asset and lease liability. Variable payments, which primarily represent payments based on usage of the underlying asset, are generally excluded from such measurement and expensed as incurred. In addition, certain of the Company's lease arrangements may contain a lease coupled with an arrangement to provide other services, such as maintenance, or may require the Company to make other payments on behalf of the lessor related to the leased asset, such as payments for taxes or insurance. As mentioned in Note 2, the Company accounts for these non-lease components together with the associated lease component for each asset class.

The Company's lease arrangements generally do not contain significant restrictions or covenants; however, certain of the Company's vehicle and equipment leases include residual value guarantees, whereby the Company provides a guarantee to the lessor that the value of the underlying asset will be at least a specified amount at the end of the lease. Amounts probable of being owed under these guarantees are included within the measurement of the ROU asset and lease liability.

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Lease Position

The following table presents the Company's lease-related assets and liabilities at the end of the year:

Lease Type	Classification on the Consolidated Balance Sheets	2023	2022
Operating lease assets	Operating lease ROU assets, net	\$ 1,130,780	\$ 410,947
Total Lease Assets		\$ 1,130,780	\$ 410,947
Current			
Operating	Current portion of operating lease obligations	\$ 422,328	\$ 144,553
Non-Current			
Operating	Long-term portion of operating lease obligations	723,255	268,324
Total Lease Liabilities		\$ 1,145,583	\$ 412,877

Lease Costs

The following table presents information related to the Company's lease expense:

Year ended December 31,	2023	2022
Operating lease expense	\$ 387,752	\$ 163,136
Short-term lease expense	15,294	9,092
Total Lease Costs	\$ 403,046	\$ 172,228

Lease Term and Discount Rate

The following table presents certain information related to the lease terms and discount rate:

Year ended December 31,	2023	2022
Weighted-average remaining lease term - operating leases (years)	2.82	2.87
Weighted-average discount rate - operating leases (%)	3.19	1.22

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Notes to Consolidated Financial Statements

Maturity of Lease Liabilities

The following table reconciles the Company's future minimum lease payments on an undiscounted cash-flow basis to its lease liabilities reported in the consolidated balance sheet as of December 31, 2023:

Year ending December 31,

	Operating Leases
2024	\$ 451,604
2025	398,274
2026	279,932
2027	70,633
Total Minimum Lease Payments	1,200,443
Less: imputed interest	(54,860)
Present Value of Future Minimum Lease Payments	\$ 1,145,583
Current portion of lease liabilities	\$ 422,328
Non-current portion of lease liabilities	723,255
Present Value of Future Minimum Lease Payments	\$ 1,145,583

10. Related Party Transactions

The Company signed consulting services agreements with affiliates of the majority equity holder of Holdings to provide for certain consulting and advisory services. The agreements also require periodic reimbursement of out-of-pocket expenses associated with such services. There was \$610,010 and \$593,364 expensed under these agreements for the years ended December 31, 2023 and 2022, respectively, which was included in selling, general, and administrative expenses in the consolidated statements of operations.

11. Commitments and Contingencies

During the ordinary course of business, the Company is, from time-to-time, threatened with, or may become a party to, legal actions and other proceedings. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect that these legal proceeds or claims will have any material adverse impact on its future financial position or results of operations.

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and cyber security breaches for which the Company carries commercial insurance. There have been no significant reductions in coverage from prior year, and settlements, if any, have not exceeded coverage.

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Notes to Consolidated Financial Statements

12. Foreign Operations

Total assets and liabilities (after intercompany eliminations) of subsidiaries in foreign countries are as follows:

<i>December 31,</i>	2023	2022
Current assets	\$ 3,668,043	\$ 3,532,025
Long-term assets, net	9,640,997	10,803,846
Total Assets	13,309,040	14,335,871
Total Liabilities	(3,201,340)	(3,135,958)
Net Assets	\$ 10,107,700	\$ 11,199,913

Net revenue and net loss of the Company's foreign subsidiaries totaled \$9,640,746 and \$839,388, respectively, for the year ended December 31, 2023. Net revenue and net loss of the Company's foreign subsidiaries totaled \$11,496,011 and \$584,386, respectively, for the year ended December 31, 2022.

13. Subsequent Events

The Company has evaluated subsequent events through March 28, 2024, the date the consolidated financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements, other than the events noted below.

On January 12, 2024, the Company entered into a share purchase agreement to acquire shares of U.S. Lawns, Inc. for an initial base purchase price of \$52,000,000, subject to purchase-price adjustments based on principles defined in the share purchase agreement. The acquisition was funded with capital contributions from RMCF.

U.S. Lawns, Inc.



Years Ended
September 30,
2023 and 2022

Financial
Statements

Rehmann

U.S. LAWNS, INC.

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INDEPENDENT AUDITORS' REPORT

December 27, 2023

Board of Directors and Shareholder
U.S. Lawns, Inc.
Orlando, Florida

Opinion

We have audited the accompanying financial statements of **U.S. Lawns, Inc.** (the "Company"), a wholly-owned subsidiary of BrightView Companies, LLC, which comprise the balance sheets as of September 30, 2023 and 2022, and the related statements of income, shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **U.S. Lawns, Inc.** as of September 30, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

U.S. LAWNS, INC.

Balance Sheets

		September 30	
		2023	2022
ASSETS			
Current assets			
Cash		\$ 400	\$ 400
Notes receivable current portion, net		125,202	125,753
Due from affiliate		419,603	447,700
Prepaid expenses and other assets		954,886	849,654
		<u>1,500,091</u>	<u>1,423,507</u>
Total current assets			
Property and equipment, net		137,780	226,167
Contract assets		329,754	381,784
Notes receivables, non-current		303,221	159,542
Operating lease right-of-use asset		666,510	788,387
Deposits		28,820	28,820
Deferred tax asset		315,410	81,983
		<u>3,281,586</u>	<u>3,090,190</u>
Total assets			
LIABILITIES AND SHAREHOLDER'S EQUITY			
Current liabilities			
Accounts payable		\$ 318,736	\$ 388,085
Deferred revenue, current		251,971	282,522
Current portion of operating lease obligation		118,944	108,066
Accrued liabilities		700,384	762,052
		<u>1,390,035</u>	<u>1,540,725</u>
Total current liabilities			
Operating lease obligation, less current portion		571,111	690,054
Deferred revenue, less current portion		665,661	763,326
		<u>2,626,807</u>	<u>2,994,105</u>
Total liabilities			
Commitments and contingencies (Notes 5 and 8)			
Shareholder's equity			
Common stock - \$0.01 par value, 50,000 shares authorized, 7,500 shares issued and outstanding		75	75
Additional paid-in capital		3,628,597	3,628,597
Deemed dividends		(23,900,932)	(21,763,414)
Retained earnings		20,927,039	18,230,827
		<u>654,779</u>	<u>96,085</u>
Total shareholder's equity			
		<u>\$ 3,281,586</u>	<u>\$ 3,090,190</u>
Total liabilities and shareholder's equity			

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Statements of Income

	Year Ended September 30	
	2023	2022
Revenues		
Landscape maintenance	\$ 1,332,112	\$ 1,248,271
Royalty fees	6,483,881	6,433,588
Franchise fees	417,717	520,073
Franchisee sales	2,138,403	1,791,919
Partner program	708,540	694,182
Total revenues	11,080,653	10,688,033
Operating expenses		
Cost of revenues	3,345,939	2,805,408
Selling, general and administrative expenses	4,367,303	4,543,366
Total operating expenses	7,713,242	7,348,774
Income from operations	3,367,411	3,339,259
Other income (expense)		
Interest income	45,382	34,656
Discount on accounts receivable	(67,484)	(64,051)
Other expense, net	(22,102)	(29,395)
Income before allocation of income taxes	3,345,309	3,309,864
Allocation of income taxes	649,097	934,032
Net income	\$ 2,696,212	\$ 2,375,832

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Statements of Shareholder's Equity

	Common Stock	Additional Paid-in Capital	Deemed Dividend	Retained Earnings	Total Shareholder's (Deficit) Equity
Balance, October 1, 2021	\$ 75	\$ 3,628,597	\$ (19,538,926)	\$ 15,854,995	\$ (55,259)
Deemed dividend	-	-	(2,224,488)	-	(2,224,488)
Net income	-	-	-	2,375,832	2,375,832
Balance, September 30, 2022	75	3,628,597	(21,763,414)	18,230,827	96,085
Deemed dividend	-	-	(2,137,518)	-	(2,137,518)
Net income	-	-	-	2,696,212	2,696,212
Balance, September 30, 2023	\$ 75	\$ 3,628,597	\$ (23,900,932)	\$ 20,927,039	\$ 654,779

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Statements of Cash Flows

	Year Ended September 30	
	2023	2022
Cash flows from operating activities		
Net income	\$ 2,696,212	\$ 2,375,832
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for bad debt expense, notes receivables	5,438	-
Depreciation and amortization	115,196	89,390
Amortization of operating lease right-of use assets	121,877	123,782
Loss on sale of accounts receivables	67,484	64,051
Deferred income taxes	(233,427)	146,976
Changes in operating assets and liabilities which (used) provided cash		
Prepaid expenses and other assets	(105,232)	(180,626)
Contract assets	52,030	106,308
Accounts payable	(69,349)	168,969
Deferred revenue	(252,716)	(299,424)
Operating lease obligations	(108,065)	(120,372)
Accrued liabilities	(61,668)	(240,967)
Net cash provided by operating activities	2,227,780	2,233,919
Cash flows from investing activities		
Issuance of notes receivables	(164,852)	-
Collection on notes receivables	140,786	216,445
Purchases of property and equipment	(26,809)	(216,050)
Net advances to affiliate	(39,387)	(27,416)
Changes in deposits	-	17,590
Net cash used in investing activities	(90,262)	(9,431)
Cash used in financing activities		
Deemed dividend	(2,137,518)	(2,224,488)
Net change in cash	-	-
Cash, beginning of year	400	400
Cash, end of year	\$ 400	\$ 400
Supplemental disclosure of cash flow information		
Income tax paid by Parent on behalf of the Company	\$ 845,046	\$ 1,032,000

Supplemental disclosure of noncash investing and financing activities

During 2023 and 2022, the Company issued notes receivable of approximately \$289,000 and \$51,000, respectively, of which approximately \$124,500 and \$51,000, respectively, was recorded as deferred revenue.

During 2022, the Company recorded a right of use asset and operating lease liability of approximately \$710,000.

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Notes to Financial Statements

1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

U.S. Lawns, Inc. (the "Company") is a Florida corporation and a wholly-owned subsidiary of BrightView Companies, LLC (the "Parent"). The Company is engaged in selling franchise rights for landscape maintenance services and provides landscape maintenance services directly to customers throughout the United States of America.

The Company opened 5 new franchises in 2023 and 1 in 2022. During the years ended September 30, 2023 and 2022, the Company terminated 6 and 14 franchises, respectively, to bring the total number of franchises to 208 and 209, respectively.

The Company's obligation under the franchise agreement is to train and assist franchise owners with the setup of the franchise business. The Company provides the franchise owner with sales materials and sample maintenance contracts. The Company protects its rights and, in a limited fashion, the rights of the franchise owner as it relates to claims of infringement regarding the use of its trademarks.

Risks and Economic Uncertainties

The Company has seen a return to normal levels after the outbreak of the novel coronavirus ("COVID-19"), which the World Health Organization declared to be a pandemic in March 2020. The United States inflation rates have been decreasing from the levels seen for the year ended September 30, 2022. An economic downturn can affect customer spending as they can seek to reduce expenditures for landscape services. The extent of the ultimate impact of the pandemic and the economy on the Company's operational and financial performance will depend on various developments, including the duration and its impact on customers, vendors, and employees, all of which cannot be reasonably predicted at this time.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates include but are not limited to the estimated life of a franchise for the amortization of initiation fees and franchise costs.

Notes to Financial Statements

Revenue

The Company recognizes revenues in the period in which the services are performed, typically ratably over the term of the contract, which the Company believes to be the best measure of progress. The Company recognizes revenues as it transfers control of products and services to its customers in an amount reflecting the total consideration it expects to receive from the customer. Revenue is recognized according to the following five step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

The Company determined that for contracts containing multiple performance obligations, stand-alone selling price is readily determinable and billed separately for each performance obligation, therefore allocation of the transaction price to multiple performance obligations is not necessary. The transaction price will include estimates of variable consideration, such as provisions for doubtful accounts to the extent it is probable that a significant reversal of revenue recognized will not occur.

In all cases, when a sale is recorded by the Company, no significant uncertainty exists surrounding the purchaser's obligation to pay.

Landscape Maintenance: Revenues are generated primarily through landscape maintenance services such as lawn care, mowing, gardening, mulching, leaf removal, irrigation and tree care, under recurring annual contracts, which typically range from one to three years. These contracted services are billed on an equal monthly basis and revenue is recognized in equal monthly amounts over time as monthly services are performed.

Royalty Fees: The Company has a performance obligation to franchisees to provide certain resources to market and build the business and license to operate under the Company's brand name. As compensation for such services, the Company is entitled to ongoing royalty fees, which represent variable consideration as the transaction price is based on a percentage of certain franchise revenues, as defined in each contract. Royalty fees are recognized on a monthly basis over the term of the agreement as those amounts become payable.

Franchise Fees: Franchise fees and costs associated with the franchise set-up are capitalized and recognized on a straight-line basis over nine years. Franchise transfer fees are recognized as incurred.

Franchisee Sales: Franchisee sales revenues are recognized at a point in time and consist of revenues received from franchisees for purchases of supplies and equipment through third party vendors. Revenue is recognized when the equipment or product is delivered to the franchisee. The Company is liable for the payment to the vendor and collection from the franchisee.

U.S. LAWNS, INC.

Notes to Financial Statements

Partner Program: Partner program revenues consist of revenues received from various third party partners for sponsorship and exhibition of partner brands and commissions for goods sold to franchisees. These revenues are recognized at a point in time as the aforementioned performance obligations are performed.

The following table presents the Company's revenue disaggregated by over time and point in time recognition for the years ended September 30:

	2023	2022
Over time recognition	\$ 8,233,710	\$ 8,201,932
Point in time recognition	<u>2,846,943</u>	<u>2,486,101</u>
Total revenue	<u>\$ 11,080,653</u>	<u>\$ 10,688,033</u>

Contract Assets and Liabilities

Contract assets consist of capitalized franchise set-up costs incurred by the Company that are recognized over time. Contract liabilities consist of franchise fee payments received from customers that are contractually due, however, the revenue associated with such payment is recognized over time. Contract liabilities are presented as deferred revenue on the balance sheets.

Changes in contract assets and liabilities are as follows at September 30:

	2023		2022	
	Assets	Liability	Assets	Liability
Balance, beginning of year	\$ 381,784	\$ 1,045,848	\$ 488,092	\$ 1,293,922
Current year recognition	(118,738)	(290,216)	(132,972)	(333,074)
Current year deferral	<u>66,708</u>	<u>162,000</u>	<u>26,664</u>	<u>85,000</u>
Balance, end of year	<u>\$ 329,754</u>	<u>\$ 917,632</u>	<u>\$ 381,784</u>	<u>\$ 1,045,848</u>

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the statements of income.

U.S. LAWNS, INC.

Notes to Financial Statements

Accounts Receivable (Including due from Affiliate)

Accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amounts of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical experience of expected collections. The Company reviews its allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Based on management's assessment of the credit history with customers having outstanding balances and current relationships with them, it has estimated that realization of losses on balances outstanding at year-end will not be significant.

In April 2017, BrightView, Inc. ("the Ultimate Parent") and certain of its wholly-owned subsidiaries, entered into a receivables securitization program (the "Securitization Program") with third-party lenders. Under this Securitization Program, the Ultimate Parent's subsidiaries sell all of their customer trade receivables, and retainage receivables (the "Receivables"), as well as all unbilled revenues on a revolving basis, to BrightView Funding LLC ("Funding", a wholly-owned subsidiary of the Parent). Funding then pledges its interests in the Receivables to the securitization program lenders, which make loans to Funding. On June 22, 2022, the Company entered into the Third Amendment to the Receivables Financing Agreement (the "Third Amendment") which extended the term through June 22, 2025.

Under the Securitization Program, the Company continues to service the Receivables sold and in exchange receives a servicing fee of 1%. Servicing fees for 2023 and 2022 were not material. Transfers of the Receivables under the Agreement are accounted for as sales and, accordingly, receivables sold are excluded from accounts receivable on the balance sheet and are reflected as cash provided by operating activities on the statements of cash flow.

Due from affiliate consisted of the following components, which were sold to Funding under the Securitization Program, as of September 30, 2023 and 2022:

	2023	2022
Customer trade receivables	\$ 740,524	\$ 741,320
Less allowance	(134,527)	(135,876)
Less discount	(67,484)	(64,051)
Unbilled revenues	81,243	72,061
Interest income	29,652	13,203
Cumulative prior years discount and interest, net	(229,805)	(178,957)
Total due from affiliate	\$ 419,603	\$ 447,700

Notes to Financial Statements

As a result of the sales of the all receivables and unbilled revenues to Funding on a revolving basis, the Company has no accounts receivables or unbilled revenues on its balance sheet as of September 30, 2023 and 2022. The amounts due from Funding related to the sale of such receivables and unbilled revenues, is reflected as due from affiliate on the balance sheets. During 2023 and 2022, the Company recorded a discount on accounts receivable of \$67,484 and \$64,051, respectively, which is included on the statements of income.

Property and Equipment

Property and equipment are stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Depreciation, which includes amortization of assets recorded as capital leases, is computed using the straight-line method over the estimated useful lives of the assets, generally three to seven years. The cost of leasehold improvements is amortized over the lesser of the life of the improvements or the term of the lease. Depreciation and amortization expense for the years ended September 30, 2023 and 2022 was \$115,196 and \$89,390, respectively.

Leases

The Company's lease arrangements primarily relate to real estate corporate office and to a lesser extent, certain office equipment. The Company's leases generally have initial terms ranging from three to five years and may include renewal or early-termination options, rent escalation clauses, and/or lease incentives in the form of rent abatements. The Company is typically required to make fixed minimum rent payments relating to its right to use an underlying leased asset. The Company is also often required to pay for certain other costs that do not relate specifically to its right to use an underlying leased asset, but that are associated with the asset, including common area maintenance fees and/or certain other costs (referred to collectively herein as "non-lease components"). Management elected to separate lease and non-lease components for all of the leases. Thus, non-lease components are expensed as incurred and not included in the calculation of the ROU asset and lease obligation. Management also elected to use the short-term lease recognition exception for all leases that qualify.

The Company determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Company's use. The Company's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Company is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. The Company also determines lease classification as either operating or finance (formerly referred to as "capital") at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of income over the lease term.

Notes to Financial Statements

For leases with a lease term exceeding 12 months, a lease liability is recorded on the Company's balance sheet at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Company uses its incremental borrowing rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable. The Company's incremental borrowing rate reflects the rate it would pay to borrow on a secured basis an amount equal to the lease payments and incorporates the term and economic environment of the lease.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the balance sheet. Variable lease cost, if any, is recognized as incurred for all leases. Management annually reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

Income Taxes

The Company is included in a consolidated federal income tax return and multiple combined state tax returns through its Parent. The Company uses a blended state rate to account for its share of state tax liability. The Company has no tax sharing agreement with its Parent and therefore, any payable or receivable is categorized into equity as Additional Paid-in Capital or Deemed Dividend.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and federal income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Allocation of income taxes is the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

Management has analyzed its income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Company reports interest and penalties attributable to income taxes, to the extent they arise, as a component of its income tax expense.

As of September 30, 2023, there are no uncertain income tax positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. While the Company is subject to routine audits by taxing jurisdictions, there are currently no audits for any tax periods in progress. Generally, the Company is no longer subject to income tax examinations for years prior to 2019. For the years ended September 30, 2023 and 2022, there were no interest or penalties.

U.S. LAWNS, INC.

Notes to Financial Statements

Advertising Expenses

Advertising costs are expensed as incurred. For the years ended September 30, 2023 and 2022, advertising costs amounted to \$103,881 and \$121,877, respectively.

Self-Insurance Reserves

The Ultimate Parent has entered into certain insurance policies, which it has contracted to its subsidiaries. This includes general liability, vehicle liability, workers' compensation, professional liability, cyber security and employee health care insurance policies. In addition, the Parent carries umbrella liability insurance policies to cover claims over the liability limits contained in the primary policies. The insurance programs for general liability, vehicle liability, workers' compensation and employee health care for certain employees contain self-insured retention amounts. Claims that are not self-insured as well as claims in excess of the self-insured retention amounts are insured.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 financial statements presentation. The 2022 corporate allocation totaling \$247,749 was reclassified from allocation of income taxes to selling, general and administrative expenses. In addition, a customer deposit totaling \$20,800 was reclassified from deposits to accrued liabilities.

Subsequent Events

In preparing these financial statements, the Company has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to September 30, 2023, the most recent balance sheet presented herein, through December 27, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following amounts at September 30:

	2023	2022
Property and equipment		
Leasehold improvement	\$ 67,654	\$ 67,654
Transportation vehicles	106,663	106,663
Office equipment and software	536,460	512,624
	<hr/>	<hr/>
Total	710,777	686,941
Less accumulated depreciation	572,997	460,774
	<hr/>	<hr/>
Net property and equipment	\$ 137,780	\$ 226,167

U.S. LAWNS, INC.

Notes to Financial Statements

3. NOTES RECEIVABLE

Notes receivable represent amounts due from third party franchisees for the purchase of franchise rights. Most notes bear interest at 5% plus the prime rate (adjusted on a quarterly basis) and have various maturities through 2028. In general, notes receivable are collateralized by the underlying business assets of the franchisee. The notes receivable reserve is the Company's best estimate of the amount of probable credit losses in the Company's existing notes receivables. The Company determines the reserve based on historical experience of expected collections. At September 30, 2023 and 2022, the allowance for notes receivable doubtful accounts amounted to \$6,225 for both years.

Aggregate maturities of notes receivable, net of allowance for doubtful accounts, are as follows:

Year	Amount
2024	\$ 125,202
2025	86,352
2026	78,068
2027	73,593
2028	<u>65,208</u>
Total	<u>\$ 428,423</u>

4. ACCRUED LIABILITIES

Accrued liabilities consist of the following at September 30:

	2023	2022
Payroll	\$ 426,845	\$ 383,128
Other	<u>273,539</u>	<u>378,924</u>
Total	<u>\$ 700,384</u>	<u>\$ 762,052</u>

5. LEASES

The Company leases office space and office equipment under operating leases with nonrelated parties, which expire through September 2028. The lease for office space provides for increases in future minimum annual rent payments based on defined increases in the lease agreement.

As of September 30, 2023, the weighted average remaining lease term is 60 months and the weighted average of the discount rate (using the Company's incremental borrowing rate) was 2.78%. For the years ended September 30, 2023 and 2022, the variable lease costs and short-term lease costs were insignificant.

U.S. LAWN, INC.

Notes to Financial Statements

The following table presents a maturity analysis summary of the Company's lease obligations recorded on the balance sheet as of September 30, 2023:

Year	Amount
2024	\$ 136,244
2025	144,050
2026	148,260
2027	152,592
2028	167,532
Total lease payments	748,678
Less amount representing interest	58,623
Lease obligations	\$ 690,055

For the years ended September 30, 2023 and 2022, operating lease costs for lease of office space and equipment amounted to approximately \$155,000 and \$137,000, respectively. Cash paid for leases during 2023 and 2022 amounted to approximately \$129,000 and \$135,000, respectively.

6. INCOME TAXES

The expense for income taxes consists of the following components for the years ended September 30:

	2023	2022
Current		
Federal	\$ 682,550	\$ 643,680
State	199,974	147,971
Total current	882,524	791,651
Deferred		
Federal	(192,044)	116,283
State	(41,383)	26,098
Total deferred	(233,427)	142,381
Income tax expense	\$ 649,097	\$ 934,032

U.S. LAWN, INC.

Notes to Financial Statements

Total income tax expense differs from the amount computed by applying the U.S. federal income tax rate of 21% for 2023 and 2022 earnings before income taxes primarily due to state income taxes, and non-deductible expenses.

The net deferred income tax asset presented on the balance sheets are comprised of the following amounts as of September 30:

	2023	2022
Deferred tax assets		
Deferred revenue	\$ 339,530	\$ 194,966
Other	8,135	13,107
Total deferred tax assets	<u>347,665</u>	<u>208,073</u>
Deferred tax liabilities		
Property and equipment	(32,255)	(53,349)
Accrued bonus	-	(72,741)
Total deferred tax liabilities	<u>(32,255)</u>	<u>(126,090)</u>
Deferred, net	<u>\$ 315,410</u>	<u>\$ 81,983</u>

7. EMPLOYEE BENEFIT PLANS

Employees of the Company participate in a 401(k) defined contribution plan (the "Plan") adopted by the Company for all employees not covered by other benefit plans under collective bargaining agreements. After a specified period of service, employees become eligible to participate in the Plan and may contribute from 1% up to 50% of their compensation to the Plan, which is tax deferred. For all eligible participants, the Company contributes 100% of the amount invested by the participant up to the first 3% of the participant's compensation and 50% of the next 2% of the participant's compensation. During the years ended September 30, 2023 and 2022, the Company contributed \$53,490 and \$59,581, respectively, to the Plan.

U.S. LAWN, INC.

Notes to Financial Statements

8. RELATED PARTY TRANSACTIONS

The Parent, at its discretion, may allocate certain expenses for operating and administrative services as part of its income tax allocation process. During the years ended September 30, 2023 and 2022, the corporate expenses allocated to the Company were \$280,595 and \$247,749, respectively, and are included within selling, general and administrative expenses.

In the normal course of business, cash receipts and disbursements are managed by the Parent who in turn reconciles such cash activity with the Company on a periodic basis through an intercompany account. The excess of cash received over payments made by the Parent on behalf of the Company is determined to be a deemed dividend. The balance of such deemed dividend as of September 30, 2023 and 2022 is included as a reduction to shareholder's equity.

See Note 1 for Receivables Securitization Program with an affiliate.

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U.S. Lawns, Inc.



Years Ended
September 30,
2022 and 2021

Financial
Statements

Rehmann

U.S. LAWNS, INC.

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INDEPENDENT AUDITORS' REPORT

January 10, 2023

Board of Directors and Shareholder
U.S. Lawns, Inc.
Orlando, Florida

Opinion

We have audited the accompanying financial statements of **U.S. Lawns, Inc.** (the "Company"), which comprise the balance sheet as of September 30, 2022, and the related statements of income, changes in shareholder's equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **U.S. Lawns, Inc.** as of September 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Predecessor Auditor

The financial statements of US Lawns, Inc. as of September 30, 2021 and for the year then ended were audited by Vestal & Wiler, CPAs, P.A. ("V&W"), who combined with Rehmann Robson LLC effective November 1, 2022. V&W's report thereon dated December 17, 2021, expressed an unmodified opinion on the 2021 financial statements.



Rehmann Robson LLC

U.S. LAWNS, INC.

Balance Sheets

		September 30	
		2022	2021
ASSETS			
Current assets			
Cash		\$ 400	\$ 400
Notes receivable current portion, net		125,753	249,787
Due from affiliate		447,700	484,335
Prepaid expenses and other assets		849,654	669,028
Total current assets		1,423,507	1,403,550
Property and equipment, net		226,167	99,507
Other assets			
Contract assets		381,784	488,092
Notes receivables, non-current		159,542	200,603
Operating lease asset		788,387	202,566
Deposits		8,020	25,610
Deferred tax asset		81,983	228,959
Total other assets		1,419,716	1,145,830
Total assets		\$ 3,069,390	\$ 2,648,887
LIABILITIES AND SHAREHOLDER'S EQUITY (DEFICIT)			
Current liabilities			
Accounts payable		\$ 388,085	\$ 219,116
Deferred revenue, current		282,522	329,768
Current portion of operating lease liability		108,066	129,472
Accrued expenses		741,252	982,219
Total current liabilities		1,519,925	1,660,575
Non-current liabilities			
Long-term operating lease liability		690,054	79,417
Deferred revenue, less current portion		763,326	964,154
Total non-current liabilities		1,453,380	1,043,571
COMMITMENTS AND CONTINGENCIES (Note 9)			
Shareholder's equity (deficit)			
Common stock - \$0.01 par value, 50,000 shares authorized, 7,500 shares issued and outstanding		75	75
Additional paid-in capital		3,628,597	3,628,597
Deemed dividend		(21,763,414)	(19,538,926)
Retained earnings		18,230,827	15,854,995
Total shareholder's equity (deficit)		96,085	(55,259)
Total liabilities and shareholder's equity		\$ 3,069,390	\$ 2,648,887

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Statements of Income

	Year Ended September 30	
	2022	2021
Revenues		
Landscape maintenance	\$ 1,248,271	\$ 1,327,758
Royalty fees	6,433,588	5,911,614
Franchise fees	520,073	478,535
Other	2,486,101	1,783,107
Total revenues	10,688,033	9,501,014
Expenses		
Cost of revenues	2,805,408	2,400,321
Selling, general and administrative expenses	4,295,617	3,724,468
Total expenses	7,101,025	6,124,789
Income from operations	3,587,008	3,376,225
Other income (expense)		
Interest income	34,656	36,581
Discount on accounts receivable	(64,051)	(59,235)
Gain on sale of property and equipment	-	28,745
Other (expense) income, net	(29,395)	6,091
Income before allocation of income taxes	3,557,613	3,382,316
Allocation of income taxes	1,181,781	742,265
Net income	\$ 2,375,832	\$ 2,640,051

The accompanying notes are an integral part of these financial statements.

U.S. LAWN, INC.

Statements of Changes in Shareholder's Equity (Deficit)

	Common Stock	Additional Paid-in Capital	Deemed Dividend	Retained Earnings	Total Shareholder's Equity (Deficit)
Balance, October 1, 2020	\$ 75	\$ 3,628,597	(16,599,677)	13,214,944	\$ 243,939
Deemed dividend	-	-	(2,939,249)	-	(2,939,249)
Net income	-	-	-	2,640,051	2,640,051
Balance, September 30, 2021	75	3,628,597	(19,538,926)	15,854,995	(55,259)
Deemed dividend	-	-	(2,224,488)	-	(2,224,488)
Net income	-	-	-	2,375,832	2,375,832
Balance, September 30, 2022	\$ 75	\$ 3,628,597	\$ (21,763,414)	\$ 18,230,827	\$ 96,085

The accompanying notes are an integral part of these financial statements.

U.S. LAWNS, INC.

Statements of Cash Flows

	Year Ended September 30	
	2022	2021
Cash flows from operating activities		
Net income	\$ 2,375,832	\$ 2,640,051
Adjustments to reconcile net income to net cash provided by operating activities		
Provision for bad debt expense, notes receivables	-	59,859
Depreciation and amortization	89,390	54,862
Rent expense	3,410	6,323
Loss on sale of accounts receivables	64,051	59,235
Gain on sale of property and equipment	-	(28,635)
Deferred income taxes	146,976	(154,828)
Changes in operating assets and liabilities		
Prepaid expenses and other assets	(180,626)	(210,052)
Contract assets	106,308	141,296
Accounts payable	168,969	7,421
Deferred revenue	(299,424)	(527,335)
Accrued liabilities	(240,967)	230,953
Net cash provided by operating activities	2,233,919	2,279,150
Cash flows from investing activities		
Collection on notes receivables	216,445	313,523
Purchases of property and equipment	(216,050)	(42,444)
Proceeds from sale of property and equipment	-	30,704
Changes in deposits	17,590	(3,728)
Net cash provided by investing activities	17,985	298,055
Cash flows from financing activities		
Net (advances) repayments from affiliate	(27,416)	362,044
Deemed dividend	(2,224,488)	(2,939,249)
Net cash used in financing activities	(2,251,904)	(2,577,205)
Net change in cash	-	-
Cash, beginning of year	400	400
Cash, end of year	\$ 400	\$ 400
Supplemental disclosure of cash flow information		
Income tax paid by Parent on behalf of the Company	\$ 1,032,000	\$ 861,000

Supplemental disclosure of noncash investing and financing activities

During 2022 and 2021, approximately \$51,000 and \$202,000, respectively, of revenues related to issued notes receivable were included in deferred revenue.

During 2022 and 2021, the Company recorded a right of use asset and operating lease liability of approximately \$710,000 and \$330,000, respectively.

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

U.S. Lawns, Inc. (the "Company") is a Florida corporation and a wholly-owned subsidiary of BrightView Companies, LLC (the "Parent"). The Company is engaged in selling franchise rights for landscape maintenance services and provides landscape maintenance services directly to customers throughout the United States of America.

The Company sold three franchises each year during the years ended September 30, 2022 and 2021. During the years ended September 30, 2022 and 2021, the Company terminated 14 and 13 franchises, respectively, to bring the total number of franchises to 211 and 222, respectively.

The Company's obligation under the franchise agreement is to train and assist franchise owners with the setup of the franchise business. The Company provides the franchise owner with sales materials and sample maintenance contracts. The Company protects its rights and, in a limited fashion, the rights of the franchise owner as it relates to claims of infringement regarding the use of its trademarks.

Basis of Presentation

The accompanying financial statements have been prepared from the separate records maintained by the Company in accordance with U.S. generally accepted accounting principles ("U.S. GAAP").

Risks and Economic Uncertainties

The outbreak of a novel coronavirus ("COVID-19"), which the World Health Organization declared in March 2020 to be a pandemic, continues to spread throughout the United States of America and the globe. The Company initially saw a slowdown of revenue, but in the months following the initial impact of the pandemic have returned to normal levels. The extent of the ultimate impact of the pandemic on the Company's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on customers, vendors, and employees, all of which cannot be reasonably predicted at this time.

Use of Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Notes to Financial Statements

Accounts Receivable (including due from affiliate)

Accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amounts of probable credit losses in the Company's existing trade receivables. The Company determines the allowance based on historical experience of expected collections. The Company reviews its allowance for doubtful accounts on a quarterly basis. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. At September 30, 2022 and 2021, management determined that no allowance was deemed necessary.

In April 2017, the Parent and certain of its wholly-owned subsidiaries, entered into a receivables securitization program (the "Securitization Program") with third party lenders. Under this Securitization Program, the Company sold all of the accounts receivables and unbilled revenues ("Receivables"), on a revolving basis, to BrightView Funding, LLC ("Funding"), a wholly-owned and consolidated special purpose subsidiary of the Parent. Funding then pledges its interest in the Receivables to the Securitization Program lenders, which make loans to Funding. The Securitization Program is scheduled to expire in February 2024.

Under the Securitization Program, the Company continues to service the Receivables sold and in exchange receives a servicing fee of 1%. Servicing fees for 2022 and 2021 were not material. Transfers of the Receivables under the Agreement are accounted for as sales and, accordingly, Receivables sold are excluded from accounts receivable on the balance sheet and are reflected as cash provided by operating activities on the statements of cash flow. During 2022 and 2021, the Company recorded a discount on accounts receivable of \$64,051 and \$59,235, respectively.

As a result of the sales of the Receivables to Funding on a revolving basis, the Company has no accounts receivables as of September 30, 2022 and 2021. The amounts due from Funding related to the sale of such Receivables, is reflected as due from affiliate on the accompanying balance sheets.

Property and Equipment

Property and equipment are stated at cost. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets, generally three to seven years. The cost of leasehold improvements is amortized over the lesser of the life of the improvements or the term of the lease. Expenditures for repairs and maintenance are charged to operations as incurred. Depreciation and amortization expense for the years ended September 30, 2022 and 2021 was \$89,390 and \$54,862, respectively.

Long-Lived Assets

The Company analyzes its long-lived assets for events and circumstances that might indicate that the assets may be impaired and undiscounted net cash flows estimated to be generated by those assets are less than their carrying amounts. Management evaluated its long-lived assets and determined that there were no indications of impairment present at September 30, 2022 and 2021.

Notes to Financial Statements

Income Taxes

The Company files a consolidated federal income tax return and multiple combined state tax returns through its Parent. The Company uses a blended state rate to account for its share of state tax liability. The Company has no tax sharing agreement with its Parent and therefore, any payable or receivable is categorized into equity as Additional Paid-in Capital or Deemed Dividend.

Accounting Standards Codification ("ASC") 740-10 requires companies to determine whether it is more likely than not, that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statements. The Company recognizes interest and penalties accrued related to unrecognized tax benefits in income tax expense.

The Company assessed its uncertain tax positions and has determined that no liability is required to be recorded for uncertain tax positions as of September 30, 2022 and 2021. For the years ended September 30, 2022 and 2021, there were no interest or penalties.

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and federal income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Allocation of income taxes is the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.

Advertising Expenses

Advertising costs are expensed as incurred. For the years ended September 30, 2022 and 2021, advertising costs amounted to \$121,877 and \$113,425, respectively.

Recently Adopted Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases (Topic 842)*. This update requires organizations to recognize lease assets and lease liabilities on the balance sheet and also disclose key information about leasing arrangements. This ASU is effective for annual reporting periods beginning after December 15, 2021 with early adoption and implementation allowed. The Company adopted ASU 2016-02 for the year ended September 30, 2021 using the effective date method. The Company accounted for its existing operating lease as operating lease under the new guidance, with reassessing (a) whether the contract contains a lease under Topic 842, (b) whether the classification of the operating leases would be different under Topic 842, or (c) whether any unamortized initial direct costs before transaction adjustments would have met the definition of initial direct costs under Topic 842 at lease commencement.

Notes to Financial Statements

As a result of the adoption of the new lease accounting guidance, as of October 1, 2020, the Company recognized (a) an operating lease liability of approximately \$330,000, which represents the present value of the remaining lease payments of approximately \$343,000, discounted using the Company's incremental borrowing rate of 2.78%, and (b) an operating lease asset of approximately \$330,000. During 2022, the Company extended the terms of the office lease and entered into a new equipment lease which resulted in an increase to the operating lease asset and operating lease liability by approximately \$770,000.

Subsequent Events

In preparing these financial statements, the Company has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to September 30, 2022, the most recent balance sheet presented herein, through January 10, 2023, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. REVENUE RECOGNITION

The Company recognizes revenues in the period in which the services are performed, typically ratably over the term of the contract, which the Company believes to be the best measure of progress. The Company recognizes revenues as it transfers control of products and services to its customers in an amount reflecting the total consideration it expects to receive from the customer. Revenue is recognized according to the following five step model: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenues when a performance obligation is satisfied.

The Company determined that for contracts containing multiple performance obligations, stand-alone selling price is readily determinable and billed separately for each performance obligation, therefore allocation of the transaction price to multiple performance obligations is not necessary. The transaction price will include estimates of variable consideration, such as provisions for doubtful accounts to the extent it is probable that a significant reversal of revenue recognized will not occur.

In all cases, when a sale is recorded by the Company, no significant uncertainty exists surrounding the purchaser's obligation to pay.

Landscape Maintenance: Revenues are generated primarily through landscape maintenance services such as lawn care, mowing, gardening, mulching, leaf removal, irrigation and tree care, under recurring annual contracts, which typically range from one to three years. These contracted services are billed on an equal monthly basis and revenue is recognized in equal monthly amounts over time as monthly services are performed.

U.S. LAWNS, INC.

Notes to Financial Statements

Royalty Fees: The Company has a performance obligation to franchisees to provide certain resources to market and build the business and license to operate under the Company's brand name. As compensation for such services, the Company is entitled to ongoing royalty fees, which represent variable consideration as the transaction price is based on a percentage of certain franchise revenues, as defined in each contract. Royalty fees are recognized on a monthly basis over the term of the agreement as those amounts become payable.

Franchise Fees: Franchise fees and costs associated with the franchise set-up are capitalized and recognized on a straight-line basis over nine years. Franchise transfer fees are recognized as incurred.

Franchisee Sales: Franchisee sales revenues are recognized at a point in time and consist of revenues received from franchisees for purchases of supplies and equipment through third party vendors. Revenue is recognized when the equipment or product is purchased by the franchisee. The Company is liable for the payment to the vendor and collection from the franchisee. For the years ended September 30, 2022 and 2021, franchisee sales amounted to \$1,791,919 and \$1,337,353, respectively. These revenues are included in other revenues on the accompanying statements of income.

Partner Program: Partner program revenues consist of revenues received from various third party partners for sponsorship and exhibition of partner brands and commissions for goods sold to franchisees. These revenues are recognized at a point in time as the aforementioned performance obligations are performed. For the years ended September 30, 2022 and 2021, partner program revenues amounted to \$694,182 and \$445,754, respectively. These revenues are included in other revenues on the accompanying statements of income.

The following table presents the Company's revenue disaggregated by over time and point in time recognition for the years ended September 30:

	2022	2021
Over time recognition	\$ 8,201,932	\$ 7,717,907
Point in time recognition	2,486,101	1,783,107
Total revenue	\$ 10,688,033	\$ 9,501,014

Contract Assets and Liabilities

Contract assets consist of capitalized franchise set-up costs incurred by the Company that are recognized over time. Contract liabilities consist of franchise fee payments received from customers that are contractually due, however, the revenue associated with such payment is recognized over time. Contract liabilities are presented as deferred revenue on the accompanying balance sheets.

U.S. LAWN, INC.

Notes to Financial Statements

At September 30, changes in contract assets and liabilities, are as follows:

	2022		2021	
	Assets	Liability	Assets	Liability
Balance, beginning of year	\$ 488,092	\$ 1,293,922	\$ 629,388	\$ 1,619,023
Current year recognition	(132,972)	(333,074)	(166,074)	(393,101)
Current year deferral	26,664	85,000	24,778	68,000
Balance, end of year	\$ 381,784	\$ 1,045,848	\$ 488,092	\$ 1,293,922

Sales taxes collected from customers and remitted to governmental authorities are accounted for on a net basis and therefore are excluded from revenues in the statement of income.

3. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following amounts at September 30:

	2022	2021
Property and equipment		
Leasehold improvement	\$ 67,654	\$ 67,654
Transportation vehicles	106,663	106,663
Office equipment and software	512,624	393,386
Total	686,941	567,703
Less accumulated depreciation	460,774	468,196
Net property and equipment	\$ 226,167	\$ 99,507

4. NOTES RECEIVABLE

Notes receivable represent amounts due from third party franchisees for the purchase of franchise rights. Most notes bear interest at 5% plus the prime rate (adjusted on a quarterly basis) and have various maturities through 2027. In general, notes receivable are collateralized by the underlying business assets of the franchisee. The notes receivable reserve is the Company's best estimate of the amount of probable credit losses in the Company's existing notes receivables. The Company determines the reserve based on historical experience of expected collections. At September 30, 2022 and 2021, the allowance for notes receivable doubtful accounts amounted to \$6,225 for both years.

U.S. LAWNS, INC.

Notes to Financial Statements

Aggregate maturities of notes receivable, net of allowance for doubtful accounts, are as follows:

Year	Amount
2023	\$ 125,753
2024	62,720
2025	41,896
2026	31,808
2027	23,118
Total	\$ 285,295

5. ACCRUED LIABILITIES

At September 30, accrued liabilities consist of the following:

	2022	2021
Payroll	\$ 383,128	\$ 410,458
Other	358,124	571,761
Total	\$ 741,252	\$ 982,219

6. INCOME TAXES

Components of income tax expense for the years ended September 30, are as follows:

	2022	2021
Current		
Federal	\$ 891,429	\$ 583,933
State	147,971	160,228
	<u>1,039,400</u>	<u>744,161</u>
Deferred tax		
Federal	116,283	(1,632)
State	26,098	(264)
	<u>142,381</u>	<u>(1,896)</u>
Total	\$ 1,181,781	\$ 742,265

U.S. LAWNS, INC.

Notes to Financial Statements

Total income tax expense differs from the amount computed by applying the U.S. federal income tax rate of 21% for 2022 earnings before income taxes primarily due to state income taxes, non-deductible expenses, and additional allocation of income taxes by the Parent.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at September 30, are as follows:

	2022	2021
Deferred tax assets		
Deferred revenue	\$ 194,966	\$ 195,666
Other	13,107	58,808
	<u>208,073</u>	<u>254,474</u>
Deferred tax liabilities		
Property and equipment	(53,349)	(25,515)
Accrued bonus	(72,741)	-
	<u>(126,090)</u>	<u>(25,515)</u>
Deferred, net	<u>\$ 81,983</u>	<u>\$ 228,959</u>

In assessing the valuation of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the turnaround of deferred tax liabilities and the projection of future income. Management has concluded that, more likely than not, all deferred tax assets as of September 30, 2022 and 2021, will be realized. Furthermore, management considers both positive and negative evidence in evaluating the need for a valuation allowance.

7. EMPLOYEE BENEFIT PLANS

Employees of the Company participate in a 401(k) defined contribution plan (the "Plan") adopted by the Company for all employees. After 90 days of service, employees become eligible to participate in the Plan and may contribute from 2% to 50% of their compensation to the Plan, which is tax deferred. The Company, at its sole discretion, may contribute a matching contribution determined each year by the Company. During the years ended September 30, 2022 and 2021, the Company contributed \$59,581 and \$7,334, respectively, to the Plan.

U.S. LAWNS, INC.

Notes to Financial Statements

8. RELATED PARTY TRANSACTIONS

The Parent, at its discretion, may charge the Company an operating and administrative services fee. During the years ended September 30, 2022 and 2021, the Parent did not charge the Company an operating and administrative service fee.

In the normal course of business, cash receipts and disbursements are managed by the Parent who in turn reconciles such cash activity with the Company on a periodic basis through an intercompany account. The excess of cash received over payments made by the Parent on behalf of the Company is determined to be a deemed dividend. The balance of such deemed dividend as of September 30, 2022 and 2021 is included as a reduction to shareholder's equity.

See Note 1 for receivables Securitization Program with an affiliate.

9. COMMITMENTS AND CONTINGENCIES

The Company leases office space and office equipment under operating leases with nonrelated parties, which expire through September 2028. The lease for office space provides for increases in future minimum annual rent payments based on defined increases in the lease agreement.

At September 30, 2022, the maturities of operating lease liability are as follows:

Year	Amount
2023	\$ 132,186
2024	139,448
2025	143,536
2026	147,746
2027	152,079
Thereafter	167,532
	<hr/>
	882,527
Less amount representing interest	84,407
	<hr/>
Total	<u><u>\$ 798,120</u></u>

For the years ended September 30, 2022 and 2021, operating lease costs for lease of office space and equipment amounted to approximately \$137,000 and \$131,000, respectively. Cash paid for leases during 2022 and 2021 amounted to approximately \$135,000 and \$130,000, respectively.

GUARANTEE OF PERFORMANCE

For value received, EverSmith Brands Holding Company, a Delaware corporation (the "Guarantor"), located at 6700 Forum Drive, Suite 150, Orlando, FL 32821, absolutely and unconditionally guarantees to assume the duties and obligations of U.S. Lawns, Inc., located at 6700 Forum Drive, Suite 150, Orlando, FL 32821 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

6700 Forum Dr, Ste 150

The Guarantor signs this guarantee at Orlando, Fl on the 1st day of April, 2025.

Guarantor:

EverSmith Brands Holding Company

By:

Executed by:

Ken Hutcheson

Ken Hutcheson, CEO and Director

EXHIBIT B

U.S. LAWNS FRANCHISE AGREEMENT

U.S. LAWNS FRANCHISE AGREEMENT

U.S. Lawns, Inc.

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U.S. LAWNS FRANCHISE AGREEMENT

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- A. Data Sheet
- B. Conversion Addendum
- C. Business Note and Security Agreement
- D. Electronic Transfer of Funds Authorization
- E. Confidentiality and Non-Compete Agreement
- F. SBA Addendum
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- I. New Territory Addendum
- J. ~~Additional Territory Option Agreement~~
- ~~K.~~ Personal Guarantee
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U.S. LAWNS FRANCHISE AGREEMENT

This Franchise Agreement (the “Agreement”) is made this ____ day of _____, 202__ between U.S. Lawns, Inc. a Florida corporation with its principal business located at 6700 Forum Drive, Suite 150, Orlando, FL 32821 (“we” or “us”), and “Franchisee” or “you” as identified on the Data Sheet attached as Schedule A (the “Data Sheet”). If the franchisee is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.

RECITALS

- A. We have developed a distinctive system for opening and operating a business providing landscape maintenance services pursuant to certain standards and specifications (“U.S. LAWNS Business”);
- B. We own the U.S. LAWNS service mark and other trademarks used in connection with the operation of a U.S. LAWNS Business;
- C. You desire to develop and operate a U.S. LAWNS Business; and
- D. We have agreed to grant you a franchise subject to the terms and conditions of this Agreement.

In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:

SECTION 1 DEFINITIONS

1. For purposes of this Agreement, the terms below have the following definitions:

A. “Business” means the U.S. LAWNS Business you develop and operate pursuant to this Agreement.

~~B. “Confidential Information” means any~~
B. “Confidential Information” means any proprietary information, knowledge, and know-how, including processes, materials, software, computer data files, methods, procedures, suggested pricing, specifications, techniques, data bases of potential customers and any other Customer Information (as defined below), technical information and expertise, sales and marketing programs and techniques, knowledge of operating systems, results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own, and other data concerning the methods of operation of a System franchised business proprietary and non-public information owned by us relating to the development or operation of U.S. LAWNS Businesses whether contained in the Operations Manual or otherwise, ~~including, but not limited to: (1) technical information and expertise; (2) data bases of potential customers; (3) sales and marketing programs and techniques for U.S. LAWNS Businesses; (4) Customer Information (as defined below); (5) knowledge of operating systems;~~

~~results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own; and (6) computer systems, technology and software programs.~~

C. “Conversion Franchise” means a franchise purchased by the owner of an existing active, landscape business that meets our criteria for conversion franchises.

D. “Conversion Sales” means Gross Billings received pursuant to the specific contract maintenance work agreements which are identified on Schedule B.

E. “Customer Information” means contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, corporate background, all customer lists, data collected from former, existing, and/or potential customers including customer names and addresses, discounts and credit extensions to customers, customer contracts, designs, and status information and all other information about (1) any person or entity included on any marketing or customer list provided by us to you, (2) any person or entity who has purchased or purchases services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any goods and/or services, (3) any person or entity for whom you provide services on our behalf or at our direction; and (4) if customer is a corporation or limited liability company, all employees of such corporation or limited liability company.

F. “Gross Billings” means the gross amount billed by you during any calendar month, whether or not payment is received therefore, on account of Landscape Maintenance Services performed by or on behalf of you, directly or indirectly, and on account of any and all other related goods and services sold or rendered under or in connection with your use of the Marks (including the sale of unauthorized goods and services), and including work performed for or on behalf of persons or business entities which are customers of yours as of the Effective Date. Gross Billings exclude sales taxes collected and paid to the proper authorities.

G. “Internet” means all communications between computers and television, telephone, facsimile and any other communication or communication capable devices and another such device or machine, including the World Wide Web, proprietary online services, social media platforms, blogs, E-mail, news groups and electronic bulletin boards and forums.

H. “Landscape Maintenance Services” means the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6)

lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales and installation of authorized landscape products and the sale and the installation of living landscape materials such as plants, trees, and flowers; (9) lawn seeding, overseeding, aerification, thatching and grading; (10) arborist services; and (11) snow management and other snow related services authorized by us.

I. “Marks” means the “U.S. LAWNS” service mark, and such other trademarks, service marks, logo types and commercial symbols as we may from time to time expressly authorize or direct you to use in connection with the operation of Business.

J. “Operations Manual” or “Manual” means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for operating U.S. LAWNS Businesses, all of which we may change from time to time. The term “Operations Manual” includes all means of communicating such information, including all written, digitized, computerized, and electronically formatted versions, such as an Extranet site, bulleting, e-mails, videotapes, audio tapes, and compact discs.

K. “Property Management Company” means a company which has been engaged by a property owner (or the owner’s representative) to provide property management and supervisory services with respect to such owner’s property, which may include a building, a building or office complex or industrial park; a homeowners, condominium or co-operative association; a hotel, motel, resort or other lodging facility; a shopping center; a campus; or other industrial, business or residential property.

L. “Regional Account” means a customer or prospective customer who has more than one business location, which location(s) may or may not be located in the Territory, and Property Management Companies who manage properties at more than one location, which locations may or may not be located in the Territory.

M. “Service Vehicle(s)” means and include vans, pick-up trucks, service trailers and any vehicle used by you to make sales calls on, and provide services to, customers and prospective customers of the Business, which Service Vehicle(s) must conform to the standards, specifications and policies established from time to time by us.

N. “System” means U.S. Lawn’s operating systems, methods, policies and procedures for providing Landscape Maintenance Services for commercial and residential customers, including, items of trade dress, specifications for equipment, operating and administrative procedures, management and technical training programs, landscape (including softscape and hardscape) maintenance and

construction procedures and systems, all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time.

O. “Territory” means the area designated in Section 3 of Schedule A.

P. “Year” or “Years” means the period beginning on the day and month of the Effective Date and ending on the day immediately preceding each subsequent anniversary of such date.

SECTION 2 GRANT OF LICENSE

2. The following provisions control with respect to the license granted hereunder:

A. Rights Granted. We hereby grant to you, subject to the terms and conditions of this Agreement, the right and license to engage in and conduct a U.S. LAWNS Business identified by the Marks that we authorize for your use hereunder (or such other marks as we may direct) for the territory consisting of the area set forth in Section 3 of Schedule A (the “Territory”).

You hereby accept said license and undertake the obligation to operate your Business faithfully, honestly and diligently, using the System in compliance with our standards and requirements for the System. You agree to maintain and operate your Business under your active and continuous supervision and management. You must begin operating your Business within three months of the date we sign this Agreement, although you may not commence operations of your Business until you successfully complete our training program and we have approved the commencement date of operations. The license granted herein is limited to the right to operate your Business only within the Territory and may not be used elsewhere or at any other location by you, except as we may authorize from time to time and under the terms and conditions set forth in the Operations Manual or otherwise in writing. If we do permit you to service clients outside the Territory, we reserve the right to require you to cease servicing those clients, and you agree to assist in transferring the service needs of those clients immediately to the entity that will continue to service those clients, all without compensation to you. You do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in this Agreement.

B. Territory Rights. During the term of this Agreement and provided that you are in compliance with the terms and conditions of this Agreement, we will not (i) modify the Territory without your written permission, or (ii) establish either a company-owned or franchised Landscape Maintenance Business within the Territory under the U.S. LAWNS Marks, although we or another franchisee may from time to time service particular customers in the Territory in the event you are unable or unwilling for whatever reason to meet the service needs of those customers, all as set forth in the Operations Manual.

C. Our Reservation of Rights. We retain all rights that are not expressly granted to you under this Agreement. We and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:

(i) establish and/or license others to establish franchised or company-owned U.S. LAWNS businesses at any location outside the Territory regardless of the proximity of such business to your Territory;

(ii) advertise, market, promote and provide any goods and services under trademarks, service marks, trade names and other commercial symbols other than the Marks, at any location, within or outside the Territory, and to solicit prospective customers, including Property Management Companies, for such goods and services wherever they may be located;

(iii) merge with, acquire or become acquired by (“Merger/Acquisition Activity”) any businesses, including competitive businesses, which businesses operate under trademarks other than the U.S. LAWNS Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your U.S. LAWNS Business, and which may be located anywhere inside or outside the Territory; and

(iv) except for the limited rights granted to you in Section 2.B, sell and distribute for ourselves and/or license others to sell and distribute within and outside the Territory, products or services the same as or different from the products and services offered from your U.S. LAWNS Business, and which are offered and distributed under marks different than the Marks.

D. Regional Accounts. Without limiting the generality of Section 2.C, we expressly reserve the right to solicit Regional Accounts wherever located. In order to enable us to negotiate special arrangements involving Regional Accounts, including responding to requests for proposals (“RFP”) involving locations which may or may not be located in the Territory, upon our request, you must promptly evaluate the applicable Regional Account location(s) located within the Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Regional Account (each a “Bid Package”). If we accept the Bid Package, you must honor the proposal and execute such agreements and other documents and instruments as we and the Regional Account may require to fulfill the agreed upon contract terms (“Regional Account Agreement”). We will afford you the first opportunity to submit a Bid Package on each proposed Regional Account location which is within your Territory and to perform Landscape Maintenance Services to Regional Account locations located in the Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services

ourself or cause other franchisees or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request; (b) we reject your Bid Package or if the Regional Account notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Regional Account Agreement; (d) you are, at the time of the issuance of the RFP or submission of the Bid Package, in default of your obligations or under any other agreement with us, or under any other Regional Account Agreement to which you are a party; or (e) you are, in our judgment, exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Regional Account Agreement requirements or to perform the services as required. You acknowledge and agree that we or our affiliate may charge a management fee to offset the sales and administrative expenses of processing and managing Regional Accounts. The amount of the management fee varies from customer to customer based upon a number of factors including: i) the direct cost of administrative and management oversight provided; ii) the associated overhead cost such as payment terms (financing) and risk management (insurance); and iii) the profit margin.

We may, but are not obligated to, compensate you for Landscape Maintenance Services performed by us, our affiliate or another franchisee or contractor for Regional Account locations which are located within your Territory in such amounts (if any) as we determine.

In addition to the Regional Accounts program, as it may be modified from time to time, an affiliate of ours may offer you subcontract work in accordance with its then-current procedures for servicing Centrally Managed Accounts. For purposes of this Agreement, the term “Centrally Managed Accounts” refers to customer accounts for multi-site, geographically dispersed real estate portfolios utilizing a network of subcontractors to perform the services. Our affiliates are not obligated to provide you with any subcontract work and may offer such work to your competitors.

SECTION 3 TRADEMARK STANDARDS AND REQUIREMENTS

3. You acknowledge and agree that the Marks are our property and we have licensed the use of the Marks to you and others. You further acknowledge that your right to use the Marks is specifically conditioned upon the following:

A. Mark Ownership. The Marks are our valuable property, and we are the owner of all right, title and interest in and to the Marks and all past, present or future goodwill of the U.S. LAWNS Business and of the business conducted that is associated with or attributable to the Marks. Your use of the Marks will inure to our benefit. You may not, during or after the term of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative, or other inappropriate manner in any media, including but not limited to print or electronic media.

B. Use of Marks. You may not use, or permit the use of, any trademarks, trade names or service marks in connection with the U.S. LAWNS

Business except those we authorize or direct in writing. You may use the Marks only in connection with such products and services as we specify and only in the form and manner we prescribe in writing. You must comply with all trademark, trade name and service mark notice marking requirements. You may use the Marks only in association with products and services approved by us and that meet our standards or requirements with respect to quality, production, installation and sale.

C. Business Identification. You must use the name U.S. LAWNS as the trade name of the Business and you may not use any other mark or words to identify the Business without our prior written consent. You may not use the words “U.S. LAWNS” or any of the other Marks as part of the name of your corporation, partnership, limited liability company or other business entity. You may use the Marks on various materials, such as business cards, stationery and checks, provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the business is independently owned and operated by you, (iii) do not use the Marks in connection with any other trademarks, trade names or service marks unless we specifically approve in writing prior to such use, and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You must post a prominent sign in your office identifying you as a U.S. LAWNS franchisee in a format we deem reasonably acceptable, including an acknowledgment that you independently own and operate the U.S. LAWNS Business and that the U.S. LAWNS Mark is owned by us and your use is under a license we have issued to you.

D. Litigation. In the event any person or entity improperly uses or infringes the Marks or challenges your use or our use or ownership of the Marks, we will control all litigation and we have the right to determine whether suit will be instituted, prosecuted or settled, the terms of settlement and whether any other action will be taken. You must promptly notify us of any such use or infringement of which you are aware or any challenge or claim arising out of your use of any Mark. You must take reasonable steps, without compensation, to assist us with any action we undertake. We will be responsible for our fees and expenses with any such action, unless the challenge or claim results from your misuse of the Marks in violation of this Agreement, in which case you must pay us for our costs and expenses.

E. Changes. You may not make any changes or substitutions to the Marks unless we direct in writing. We reserve the right to change the Marks at any time and you must comply with any such changes within the time frames we specify.

F. Creative Works. All ideas, concepts, techniques, or materials concerning the U.S. LAWNS business, whether or not protectable intellectual property and whether created by or for you or one of your owners 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 must assign ownership

of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

SECTION 4 TERM AND RENEWAL

4. The following provisions control with respect to the term and renewal of this Agreement:

A. Term. The initial term of this Agreement is 10 years. The initial term commences upon the Effective Date (as defined in Section 14.P) of this Agreement.

B. Renewal Term and Conditions of Renewal. You may renew your license for two additional terms of 10 years each, provided that with respect to each renewal: (i) you have given us written notice of your decision to renew at least 120 days but not more than 180 days prior to the end of the expiring term; (ii) you sign our then-current form of franchise agreement (modified to reflect that the agreement relates to the grant of a renewal), the terms of which may differ from this Agreement, including higher fees; (iii) pay ~~a \$5,00 renewal fee~~ our then-current renewal fee, presently \$5,000, and capped at 20% of the then-current Initial Franchise Fee; (iv) you are not in default of this Agreement or any other agreement pertaining to the franchise granted, have satisfied all monetary and material obligations on a timely basis during the term and are in good standing; (v) you comply with our then-current training requirements; and (vi) you and your guarantors execute a general release of claims in a form we prescribe.

C. Interim Period. If you do not exercise your right to renew this Franchise Agreement prior to the expiration of this Agreement and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis (“Interim Period”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all of your obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

SECTION 5 PRODUCTS AND OPERATIONS STANDARDS AND REQUIREMENTS

5. You must implement and abide by our requirements and recommendations directed to enhancing substantial System uniformity. The following provisions control with respect to products and operations:

A. Facilities. Before commencing operation of the U.S. LAWNS Business, you must have: i) a centrally located storage or warehouse facility in the Territory, ii) an office, the location of which is subject to our reasonable approval, iii) all designated equipment, supplies and uniforms for the operation of the U.S. LAWNS Business, and iv) at least one Service Vehicle identified and equipped in accordance with our standards and specifications.

B. Authorized Products and Supplies. You must use in the operation of the U.S. LAWNS Business and in the offer and sale of the products and services we approve only the techniques, equipment, procedures and supplies we specify in writing. You acknowledge and agree that we may change any of our requirements periodically and that you are obligated to conform to the requirements. All customer service materials and promotional items of all descriptions and types must meet our standards of uniformity and quality. You acknowledge that the U.S. LAWNS Business must at all times maintain an inventory of products, material and supplies that will permit operation of the U.S. LAWNS Business at sufficient capacity.

C. Approved Supplies and Suppliers. We may furnish to you from time to time lists of approved supplies or approved suppliers. We reserve the right to require that you only use approved products, inventory, equipment, signs, advertising materials, and other items (collectively "Proprietary Products") in the U.S. LAWNS Business as set forth in the Proprietary Products and approved suppliers lists, as we may amend from time to time. We may develop and research new products as we determine necessary. Although we do not do so for every item, we have the right to approve the supplier of Proprietary Products. You acknowledge and agree that certain Proprietary Products may only be available from one approved supplier source, and we or our affiliates may be that source. You will pay the then-current price in effect for any approved products and supplies you purchase from us or our affiliates. All inventory, products, materials and other items and supplies used in the operation of the U.S. LAWNS Business must conform to the specifications and standards we establish from time to time. **ALTHOUGH APPROVED BY US, WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, EQUIPMENT (INCLUDING WITHOUT LIMITATION AND ANY REQUIRED COMPUTER SYSTEMS), SUPPLIES, FIXTURES, FURNISHINGS OR OTHER APPROVED ITEMS.**

D. Computer System; Customer Information. You must purchase a computer system, including all future updates, supplements and modifications (the “Computer System”) that meets our standards and requirements. The Computer System will be used to develop a database of Customer Information, schedule your appointments, generate bids and proposals, maintain communications over the Internet, and produce your accounting records. ~~We own all Customer Information and may use the Customer Information as we deem appropriate (subject to applicable law).~~ We own all data and information related to customers of the Business, including, all Customer Information as that term is defined in this Agreement. If we request, you must provide us with an up-to-date customer list in the form we prescribe. You acknowledge that we may require you to submit this information through our Internet system or other online communications. We have the right to contact the customers to ascertain your quality of service and the level of customer satisfaction. You may not use the customer lists or Customer Information for any purpose whatsoever other than in the normal conduct of the Business. Upon expiration, nonrenewal, transfer, or termination of this Agreement, you must promptly deliver to us all customer lists, data, and information for all past and current customers of the Business. You agree to strictly adhere to our privacy policies we may now, or in the future, establish with respect to Customer Information. You may only use the Customer Information to the extent necessary to perform your obligations under this Agreement and during the term hereof and subject to all privacy, security and other applicable laws. Without limiting the foregoing, you agree to comply with applicable law in connection with your collection, storage and your use and our use of the Customer Information, including, if required under applicable law, obtaining consents from customers to our sharing of the Customer Information as contemplated hereunder. You must comply with all laws and regulations relating to data protection, privacy and security, and must comply with any data protection, privacy and security policies including data breach response policies we may periodically establish.

You may be required to license software from us, an affiliate, or a third party and you also may be required to pay an additional software licensing or user fee in connection with your use of the software and sign any applicable software license agreement. All right, title and interest in the software will remain with the licensor of the software. You shall not use or download any software on your computer unless it has been authorized by us in writing. In the event that you use or download any unauthorized software, you shall be liable for all damages and problems caused by the unauthorized software in addition to the other remedies provided under this Agreement. You acknowledge and agree that we will have full and complete access to the information and data entered and produced by the Computer System. You must have Internet access with a form of high speed connection as we require and you must maintain a dedicated email account for the U.S. LAWNS Business, separate from any personal or other email account. You must purchase any upgrades, enhancements or replacements to the Computer System and/or hardware and software that we may from time to time require. At your cost and expense, you must subscribe to the U.S. LAWNS Franchise Support

internet web site, or successor system established by us (with access fees paid by you).

It is your responsibility to make sure that you are in compliance with all laws that are applicable to the Computer System or other technology used in the operation of your Business, including ~~all data protection or security laws as well as PCI compliance.~~ but not limited to all data protection or security laws as well, such as PCI and CCPA compliance. You agree that we have the right to require you to update or upgrade computer hardware components, Software, and/or cloud-based subscriptions as we deem necessary from time to time, with no limitations as to the number or cost of such updates or upgrades. You must take all steps, including but not limited to those related to visibility and management of your Business network, that are necessary to ensure that your Business is compliant with all data privacy and security laws and Payment Card Industry Data Security Standards (PCI DSS) requirements, as such standards may be revised and modified by the PCI Security Standards Council (see pcisecuritystandards.org), or such successor organization or standards that we may reasonably specify. You agree to use any computer network, intranet system, extranet system, email, and handheld devices required or authorized for use in connection with the Business in strict compliance with our standards, protocols, and restrictions that we include in the Operations Manual or in our other written policies, which include but are not limited to Brand's privacy policies, encryption requirements, data and IT security policies, including the implementation of phishing and other security awareness programs and training, cyber incident notification requirements, and Artificial Intelligence policies. You further agree not to violate our privacy policies or user terms on our Website.

E. Promotional Items. All sales promotion materials, customer goodwill items and signage used in the sales promotion, sale and distribution of products or services covered by this Agreement are subject to our approval and must, where practicable, contain one or more of the Marks. We may require you to purchase these items from an approved supplier.

F. Evaluations. We or our authorized representative have the right to visit and inspect your U.S. LAWNS Business at all reasonable times during the business day for the purpose of making periodic evaluations and to ascertain if the provisions of this Agreement are being observed by you, to inspect and evaluate your building, land and equipment, and to test, sample, inspect and evaluate your supplies, products and services. Any failure of an inspection is a default under Section 12.A of this Agreement. Further, if we determine that any condition in the U.S. LAWNS Business presents a threat to customers or public health or safety, we may take whatever measures we deem necessary, including requiring you to immediately close the U.S. LAWNS Business until the situation is remedied to our satisfaction. Any evaluation or inspection we conduct is not intended to exercise, and does not constitute, control over your day-to-day operation of the Business or to assume any responsibility for your obligations under this Agreement.

G. Operating Procedures. We will loan you a copy of our Operations Manual. You must adopt and use as your continuing operational routine the required standards, service style, procedures, techniques and management systems described in our Operations Manual or other written materials relating to services, uniforms, financial management, equipment and facility requirements. We will revise the Operations Manual and these standards, procedures, techniques and management systems periodically to meet changing conditions in the best interest of the commercial U.S. LAWNS businesses. The Operations Manual will contain both mandatory standards and recommended standards. Any required standards exist to protect our interests in the System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to you. The Operations Manual also will include guidelines or recommendations in addition to required standards. In some instances, the required standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided you meet and comply with the required standards. In other instances, no suitable alternative may exist. In order to protect our interests in the System and Marks, we reserve the right to determine if you are meeting a required standard and whether an alternative is suitable to any recommendations or guidelines.

You acknowledge having received one copy of the Operations Manual on loan from us for the term of this Agreement. The Operations Manual is at all times our sole property. You must at all times treat the Operations Manual, and the information they contain, as secret and confidential, and must use all reasonable efforts to maintain such information as secret and confidential. We may from time to time revise the contents of the Operations Manual and you expressly agree to comply with each new or changed requirement. You must at all times ensure that your copy of the Operations Manual is kept current and up to date, and in the event of any dispute as to the contents of said Operations Manual, the terms of the master copy of the Operations Manual that we maintain are controlling. We will notify you of any updates or modifications to the Operations Manual and you acknowledge and agree that in the future the Operations Manual and other system communications may only be available on the Internet or other online or computer communications.

H. Confidential Information. ~~You may, your Principal Operator, your Minority Operators, any person you hire to perform management obligations related to the Business (“Designated Manager”), and your Personal Guarantors (as described in Article 16. F) must~~ not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, ~~as that term is defined in this Agreement,~~ except to such employees as must have access to it ~~in order~~ to operate the U.S. LAWNS Business. ~~Any and all All Confidential Information, including, without limitation, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may must~~ not be used for any purpose other than ~~operating conducting~~ the U.S. LAWNS Business. ~~We may require that you in the PAR. You must~~ obtain

nondisclosure and confidentiality agreements in a form satisfactory to us from ~~any persons owning a minority interest in the franchisee, your manager and your Principal Operator, Minority Operators, and from~~ other key employees. -You must provide ~~executed~~ copies of ~~thesethe~~ executed agreements to us upon ~~our~~ request. You will not disclose Customer Information and our other proprietary information, trade secrets, and Confidential Information to third parties, including entering such information into public/open Artificial Intelligence models or any other AI model that uses such information to train the Artificial Intelligence unless specifically authorized by us in writing.

I. Compliance with Law; Licenses and Permits. You must at all times ~~maintain and conduct your U.S. LAWNS Business operations in compliance with all applicable laws, regulations, codes and ordinances. conduct the Business in compliance with all applicable laws, regulations, codes, and ordinances. You also agree to comply with all applicable laws pertaining to the privacy of the customer, employee, and transactional information (“Privacy Laws”) and other applicable data protection laws that are applicable to the franchise system as a whole. You acknowledge that you are an independent business and are solely responsible for control and management of the Business, including such matters as hiring and discharging your employees. You acknowledge that we have no power, responsibility, or liability in respect to employee relations issues, including hiring, discharge and discipline, and related matters. As between us and you, you are solely responsible for the safety and well-being of your employees and the customers of the franchise business. At no time will you or your employees be deemed to be employees of us or our affiliates. You must promptly notify us of any claim or litigation in which you are involved that arises from the operation of the Business.~~

You must comply with Privacy Laws and must comply with any privacy policies or data protection and breach response policies that we may periodically establish. You are solely responsible for protecting yourself from disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders. You must notify us immediately of any suspected data breach at or in connection with the state.

You must secure and maintain in force all required licenses, permits and certificates relating to your U.S. LAWNS Business.

~~You acknowledge that you are an independent business and responsible for control and management of your U.S. LAWNS Business, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.~~

~~You must immediately notify us in writing of any claim, litigation or proceeding that arises from or affects the operation or financial condition of your U.S. LAWNS Business.~~

J. Participation in Internet Websites or Other Online Communications.

We may require you, at your expense, to participate in our U.S. LAWNS website on the Internet, our intranet or extranet system or other online communications as we may require. We have the right to determine the content and use of our website and intranet or extranet system and will establish the rules under which franchisees may or must participate. We will post your U.S. LAWNS Business's contact information on our website. You may not separately register any domain name containing any of the Marks or operate a website for your U.S. LAWNS Business. We reserve the right to establish rules, procedures and policies relating to any website you create for the operation of your U.S. LAWNS Business. We may immediately terminate this Agreement if you register any domain name containing any of the Marks. We retain all rights relating to our website and intranet system and may alter or terminate our website, extranet system or intranet system. Your general conduct on our website and intranet or extranet system or other online communications and specifically your use of the Marks or any advertising is subject to the provisions of this Agreement. You acknowledge that certain information related to your participation in our website, extranet system or intranet system may be considered Confidential Information, including access codes and identification codes. Your right to participate in our website and intranet or extranet system, or otherwise use the Marks or System on the Internet or other online communications, will terminate when this Agreement expires or terminates. You acknowledge and agree that you do not have any right to use the Marks on any website except as expressly approved by us in writing.

K. System Modifications. You acknowledge and agree that we have

the right to modify, add to or rescind any requirement, standard or specification that we prescribe under this Agreement to adapt the System to changing conditions, competitive circumstances, business strategies, business practices and technological innovations and other changes as we deem appropriate. You must comply with these modifications, additions or rescissions at your expense, subject to any express limitations set forth in this Agreement.

L. Suggested Pricing Policies. We may, from time to time, make

suggestions to you with regard to your pricing policies. In addition, we have the right to negotiate national or regional account arrangements, including pricing which will bind all U.S. LAWNS Businesses providing services to such accounts. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

M. Minimum Performance Standards. During each year of operation,

you must meet the following minimum annual Gross Billings: i) at least \$50,000 for the first year of operation; ii) at least \$100,000 for the second year of operation; and iii) at least \$200,000 for the third year of operation and each subsequent year.

N. Crisis Situations. In the interest of protecting the Marks and the

System, we have the sole and absolute right to determine a response, including what

steps will be taken and what communications will be made, in instances of a Crisis, and you agree to comply with and implement our directions in response to a Crisis. “Crisis” means an event or development that negatively impacts the System or Marks in such a way that we determine may cause substantial harm or injury to the Marks, System, reputation or image.

SECTION 6 PERSONNEL AND SUPERVISION STANDARDS

6. The following provisions and conditions control with respect to personnel, training and supervision:

A. Supervision of the Business. You must devote full-time attention to your U.S. LAWNS Business, and it at all times must be under your direct supervision (or a designated owner in the event you are a corporation, partnership, or other business entity). Your owners must be those persons who are actively involved in the Business and they must be personal guarantors.

B. Training. You must comply with all of the training requirements we prescribe for the U.S. LAWNS Business to be developed under this Agreement. You (or if Franchisee is a legal entity, one of your owners) must attend our initial training program and complete the training program to our satisfaction. We will not charge you a fee for up to three persons to attend our initial training program. You, however, are responsible for paying all costs and expenses, including hotel and transportation costs, for the people to attend our initial training program. If you would like us to train more than the three people, or if it becomes necessary to re-train a certain individual, we reserve the right to charge you a training fee. You also will be responsible for paying all costs and other daily expenses for any additional person who attends our initial training program. The training requirements may vary depending on your experience and other factors specific to the U.S. LAWNS Business. In the event you are given notice of default and the default relates, in whole or in part, to your failure to meet any operational standards, we have the right to require, as a condition of curing the default that you and your manager, at your expense, comply with the additional training requirements we prescribe. Any new manager you hire must comply with our training requirements within a reasonable time as we specify. Under no circumstances may you permit management of the U.S. LAWNS Business’s operations on a regular basis by a person who has not successfully completed to our reasonable satisfaction all applicable training we require.

C. Ongoing Training. We may require you and other key employees of the U.S. LAWNS Business to attend ongoing training at our training facility or other location we designate (which may be remote). If you request training in addition to the initial training program identified above, we reserve the right to charge you a training fee, plus expenses. Any training provided by us to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your

employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training.

D. Staffing. You will employ a sufficient number of competent and trained employees to ensure efficient service to your customers. No employee of yours will be deemed to be an employee of ours for any purpose whatsoever and nothing in any aspect of the System or the Marks in any way shifts any employee or employment related responsibility from you to us. You alone are responsible for hiring, firing, training, setting hours and compensation for and supervising all employees.

E. Attendance at Meetings. You must attend, at your expense, all annual franchise conventions we may hold or sponsor and all meetings relating to new services or products, new operational procedures or programs, training, business management, sales or sales promotion, or similar topics, including any system-wide teleconferences or web-conferences. We reserve the right to charge you a fee to attend any franchise conventions, meetings, programs or other trainings we require. If you are not able to attend a meeting or convention, you must so notify us prior to the meeting and must have a substitute person, acceptable to us attend the meeting.

SECTION 7 MARKETING

7. You agree to actively promote your U.S. LAWNS Business, to abide by all of our advertising requirements and to comply with the following provisions:

A. Marketing Fund. You must pay to us a Marketing Contribution as set forth in Section 8.C. All Marketing Contributions will be placed in a Marketing Fund that we own and manage. On behalf of our company and affiliate owned U.S. LAWNS businesses, we will pay the same Marketing Contribution as similarly situated franchised commercial U.S. LAWNS businesses. The Marketing Fund is not a trust or escrow account, and we have no fiduciary obligation to franchisees with respect to the Marketing Fund; provided, however, we will make a good faith effort to expend such fees in a manner that we determine is in the general best interests of the System. We have the right to determine the expenditures of the amounts collected and the methods of marketing, advertising, media employed and contents, terms and conditions of marketing campaigns and promotional programs. Because of the methods used, we are not required to spend a prorated amount on each commercial U.S. LAWNS business or in each advertising market. We have the right to make disbursements from the Marketing Fund for expenses incurred in connection with the cost of formulating, developing and implementing marketing, advertising and promotional campaigns. The disbursements may include payments to us for the expense of administering the Marketing Fund, including accounting expenses and salaries and benefits paid to our employees engaged in the advertising functions. If requested, we will provide you an annual unaudited statement of the financial condition of the Marketing Fund.

B. Local Advertising; Approved Materials. You must use your best efforts to promote and advertise your U.S. LAWNS Business and participate in any local marketing and promotional programs we establish from time to time. You must use only such marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. We may, from time-to-time, provide sample advertising and marketing materials for your use and we reserve the right to charge you a fee for any additional copies of these advertising and marketing materials that you request. Furthermore, any promotional activities you conduct in connection with the U.S. LAWNS Business are subject to our approval. We will not unreasonably withhold approval of any sales promotion materials and activities; provided that they are current, in good condition, in good taste and accurately depict the Marks.

C. Grand Opening Advertising. You must expend as we direct, or pay us to expend on your behalf, \$1,000 monthly in each of the first 12-months of the Business, which may begin at least 60 days prior to the opening of the Business. We will use any Grand Opening Advertising fee paid to us to conduct pre-opening marketing on your behalf to commercial property owners, managers and decision makers in your Territory. Promotion may include, but is not limited to, a mix of telephone prospecting, email nurturing campaigns and/or public relation activities. You may spend additional amounts on other pre-opening promotional activities that are arranged or approved by us. We have the right to determine how to spend the initial prospecting fee and the methods of marketing, advertising, media employed and contents, terms and conditions of the pre-opening marketing campaigns and promotional programs.

SECTION 8 FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions:

A. Initial Fees. You must pay to us an Initial Franchise Fee a in the amount set forth in the Data Sheet. The Initial Franchise Fee and the initial prospecting fee must be paid at the time this Agreement is signed. The Initial Franchise Fee and the initial prospecting fee are earned upon receipt and are nonrefundable.

No Initial Franchise Fee or initial prospecting fee is payable if you are executing this Agreement in connection with the purchase of an existing U.S. LAWNS Landscape Maintenance Business from an existing franchisee.

B. Royalty. You must pay to us in the manner specified in 8.E monthly Royalties (the “Royalties”) calculated as follows:

- If your Gross Billings in the calendar month are \$62,500 or less, you pay 6% of Gross Billings.

- If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$125,000, you pay 6% of Gross Billings up to and including \$62,500, plus 5% of the Gross Billings between \$62,500.01 and \$125,000.
- If your Gross Billings in the calendar month are over \$125,000, you pay 6% of all Gross Billings up to and including \$62,500, plus 5% of the Gross Billings between \$62,500.01 and \$125,000, plus 4% of the Gross Billings in excess of \$125,000.
- If you provide Landscape Maintenance Services to customer locations which are located outside your Territory, you pay 6% of Gross Billings for such services regardless of your Gross Billings in the calendar month.

The Royalties are due within 15 days following the end of each calendar month for the previous month.

Franchisee must pay a minimum monthly Royalty for each Territory Franchisee owns. Payment of the minimum monthly Royalty commences on the one-year anniversary of the completion of Initial Training and shall be in the following amounts:

- Months 13 to 18: \$450.00 per month;
- Months 19 to 24: \$550.00 per month; and
- Months 25 and thereafter: \$650.00 per month.

C. Marketing Contribution. You must pay to us a monthly Marketing Contribution in an amount equal to the lesser of 2% of Gross Billings or a “Marketing Cap” of ~~\$550~~650 per month. The Marketing Contribution is payable within 15 days of the end of each calendar month for the previous month. We reserve the right to increase the amount of the percentage you are required to pay and/or the Marketing Cap, upon 60 days’ notice, but in no event will the Marketing Contribution exceed 3% of Gross Billings and in no event will the increased Marketing Cap exceed an amount equal to 3% of Gross Billings.

D. Technology Fee. You must pay to us a monthly Technology Fee of ~~\$199~~299 for the use of, maintenance and support for the software and other technology we require you to use as further set forth in the Data Sheet. We may increase monthly support and maintenance fees, and/or modify the services that are provided for these fees with 60 days’ notice, although such fees will not increase by more than 50% during any 12-month period.

E. Manner of Payment. All Royalties, Marketing Contributions and Technology Fees must be paid to us within 15 days after the end of each and every calendar month based on Gross Billings during the preceding calendar month. You acknowledge and agree that this Section 8.E does not constitute our agreement to

accept payments after they are due or a commitment by us to extend credit to you or to otherwise finance your operation of the Business. Further, you acknowledge and agree that your failure to pay all amounts when due will constitute grounds for termination of this Agreement, notwithstanding the provisions of this Section 8.E. You will not, on grounds of the alleged nonperformance by us of any of our obligations under this Agreement, withhold payment of any Royalties, Marketing Contributions or any other amounts due us and you will not, on such grounds, discontinue providing services to customers of the Business in accordance with this Agreement.

F. Electronic Transfer of Funds. You must sign an electronic transfer of funds (“EFT”) authorization, attached as Schedule D, to authorize and direct your bank or financial institution to allow us to initiate a transfer of funds electronically, on the 15th day of each month, directly to our account and to charge to your account all amounts due to us. You must maintain a balance in your account sufficient to allow us and our affiliates to collect the amounts owed when due. You are responsible for any penalties, fines or other similar expenses associated with the transfer of funds described in this section. If you fail to timely pay any Royalties, Marketing Contributions or other fees or payments due to us, we have the right to activate the EFT and from that point on collect all Royalties, Marketing Contributions and other amounts owing to us by means of EFT. We will give you 15 days’ notice of our intent to begin collecting by means of EFT.

G. Penalty; Late Charges; Interest. If you are delinquent in either submitting required reports or financial information, or are delinquent in paying any payments to us, we may assess a penalty equal to \$5.00 for each day that the failure to submit a required report or financial information continues with a minimum late payment fee of \$25.00. In addition to the late payment fee, you must also pay interest on all amounts outstanding at the rate of 1.5% per month (but not to exceed the maximum legal rate of interest) imposed from the date payment was due or the charge was imposed until the entire sum and late charge is paid in full.

H. Application of Fees. Notwithstanding any designation by you, we have the right apply any payments received from you to any past due indebtedness due us or our affiliates in such amounts and in such order as we determine.

I. Financial Planning and Management. You must keep books and records and submit reports as we periodically require, including but not limited to a monthly balance sheet and monthly statement of profit and loss. You must also retain check registers, purchase records, invoices, sales summaries and inventories, sales tax records and returns, payroll records, cash disbursement journals and general ledgers, all of which accurately reflect the operations and condition of your U.S. LAWNS Business operations. You must compile, keep and submit to us the books, records and reports to us on the forms and using the methods of bookkeeping and accounting as we periodically may prescribe. The records that you are required to keep for your U.S. LAWNS Business must include detailed daily sales, cost of sales, and other relevant records or information maintained in an electronic media

format and methodology we approve. You must provide this information to us according to reporting formats, methodologies and time schedules that we establish from time to time. You also must preserve and retain the books, records and reports for not less than 36 months. You must allow us electronic and manual access to any and all records relating to your U.S. LAWNS Business.

J. Reports and Audit. Within 15 days after the end of each month, you must submit to us a report of your Gross Billings with respect to the preceding month in the form and content as we periodically prescribe. The report must include, but not be limited to, the following information for the preceding month: (i) amount of Gross Billings and gross receipts of the U.S. LAWNS Business, and the computation of the Royalties and Marketing Contribution; (ii) copies of your most recent invoice listing and balance sheet and statement of profit and loss, including a summary of your costs for labor, rent and other material cost items; and (iii) if requested by us to verify your Gross Billings, all such books and records as we may require under our audit policies published from time to time. You also must, at your expense, submit to us within 90 days after the end of each fiscal year a detailed balance sheet, profit and loss statement and statement of cash flows for such fiscal year. We may require that the annual financial statements be reviewed by a certified public accountant. You must certify all reports to be true and correct. You acknowledge and agree that we have the right to impose these requirements on you regardless of whether we impose the same requirement on our other franchisees.

We or our authorized representative have the right at all times during the business day to enter the premises where your books and records relative to the U.S. LAWNS Business are kept and to evaluate, copy and audit such books and records. We also have the right to request information from your suppliers, vendors, and customers. In the event that any such evaluation or audit reveals an understatement of 3% or more of your Gross Billings, you must pay for the audit, and in addition to any other rights we may have, we have the right to conduct further periodic audits and evaluations of your books and records as we reasonably deem necessary for up to two years thereafter and any further audits and evaluations will be at your sole expense, including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, if you intentionally understate or underreport Gross Billings at any time, or if a subsequent audit or evaluation conducted within the two-year period reveals any understatement of your Gross Billings of 3% or more, in addition to any other remedies provided for in this Agreement, at law or in equity, we have the right to terminate this Agreement immediately. In order to verify the information that you supply, we have the right to reconstruct your sales through any reasonable method of analyzing and reconstructing sales. You agree to accept any such reconstruction of sales unless you provide evidence in a form satisfactory to us of your sales within a period of 14 days from the date of notice of understatement or variance.

We will keep your financial books, records and reports confidential, unless the information is requested by tax authorities or used as part of a legal proceeding

or in a manner as set forth in Section 10.D.8 or where your information is grouped with similar information from other commercial U.S. LAWNS businesses to produce shared results like high-low ranges or average gross sales or expenses on a system-wide or regional basis.

SECTION 9 YOUR OTHER OBLIGATIONS; NONCOMPETE COVENANTS

9. You agree to comply with the following terms and conditions:

A. Payment of Debts. You agree to pay promptly when due: (i) all payments, obligations, assessments and taxes due and payable to us and our affiliates, vendors, suppliers, lessors, federal, state or local governments, or creditors in connection with your business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of the property used in connection with the U.S. LAWNS Business or business; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of the U.S. LAWNS Business. In the event you default in making any such payment, we are authorized, but not required, to pay the same on your behalf and you agree promptly to reimburse us on demand for any such payment.

You also will pay all state and local taxes, including, without limitation, taxes denominated as income or franchise taxes, that may be imposed on us as the result of our receipt or accrual of the Initial Franchise Fee, the Royalties, the Marketing Contribution, or other fees that are referenced in this Agreement, whether assessed against you through withholding or other means or whether paid by us directly. In either case, you shall pay us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required.

B. Indemnification. You waive any and all claims against us for damages to property or injuries to persons arising in any way out of this Agreement, your servicing of properties under this Agreement or any subcontracts, or the operation of your U.S. LAWNS Business. You agree to defend at your sole expense, fully protect, indemnify and hold harmless, us, our affiliates, our parent companies, our sister companies and our owners, directors, officers, successors and assigns, as well as our customers and the owners of each and every property you service, from any and all Claims as defined in this Section. "Claims" in this Section means any and all claims, demands, damages, assessments, violations, causes of action, lawsuits, liens, and liabilities of any nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or incidental to the operation of your U.S. LAWNS Business (regardless of cause or any concurrent, superseding or contributing fault, liability or negligence of us, our affiliates, our parent companies, our sister companies, and our customers and the owners of any property you service) or any breach by you or your failure to comply with any of the terms and conditions of this Agreement. We also reserve the right to select our own legal

counsel to represent our interests, and you agree to reimburse us for our costs and attorneys' fees immediately upon our request as they are incurred. As between us and you, you are solely responsible for the safety and well-being of your employees and your customers.

It is the intention of the parties to this Agreement that we shall not be deemed a joint employer with you for any reason; however, if we incur any cost, liability, loss or damage as a result of any actions or omissions of you or your employees, including any that relate to any party making a finding of any joint employer status, you will fully indemnify us for any such cost, liability, loss and damage.

C. Insurance. You must, and hereby agree to, purchase and maintain in full force and effect, at your sole expense and from a company we approve, insurance that insures both you and us, our affiliates our parent companies, our sister companies, and our customers and the owners of any property you service and any other persons or entities we designate by name. The insurance policies must include, at a minimum: (i) commercial general liability insurance covering claims for personal injuries and property damage with minimum limits of \$1,000,000 per occurrence, \$2,000,000 general aggregate, \$2,000,000 products/completed operations aggregate; (ii) employers liability insurance with minimum limits of \$1,000,000 for bodily injury caused by accident or disease, or the minimum required by state law (whichever is greater); (iii) vehicle liability for owner, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (iv) umbrella liability insurance with minimum limits of \$1,000,000; (v) Worker's Compensation Insurance; (vi) any other such insurance coverages or amounts as required by law or agreement related to the U.S. LAWNS Business; and (vii) any other insurance we may require from time to time. Additional insurance requirements are set forth in the Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as well as any subcontractors on the particular property, and/or our customers and/or the owners of any property you service) as additional insureds, must provide that such insurance is primary insurance with respect to the interests of all additionally named insureds, and must provide that any other insurance maintained by us or by you and/or any subcontractor is excess and not contributing insurance with the insurance required under this Agreement. The policy must contain a waiver by the insurance carrier of all subrogation rights against us. You acknowledge and agree that Regional Accounts may require additional types, limits and terms of insurance coverage.

You must deliver to us at commencement and annually or at our request a proper certificate evidencing the existence of such insurance coverage and your compliance with the provisions of this Section. The insurance certificate must show our status as an additional insured (as noted above) and provide that we will be given 30 days' prior written notice of material change in or termination or cancellation of the policy. We also may request copies of all policies. We may

modify, upon written notice to you, the required minimum limits from time to time and by written notice to you, as conditions require, to reflect changes in relevant circumstances, industry standards, experiences in the U.S. LAWNS System, standards of liability and higher damage awards. In the event of such notification, you must immediately cause the modification of the policy, and evidence thereof, in accordance with our request. If at any time you do not procure or maintain the insurance coverage required by this Agreement, we have the right, but not the obligation, to procure insurance coverage and to charge the same to you, together with a ~~reasonable fee~~\$5.00 per day penalty for the each day that such costs and expenses we incur in doing so, payable~~are not repaid to us, with a minimum \$25 late fee, plus the greater of 1.5% per month and the highest legal rate for open account business credit, from the date the expense is incurred until the date payment is received by you immediately upon notice.~~us. We also have the right to terminate this Agreement for cause should you fail to comply with this provision.

D. Noncompete Covenants. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:

1. Unless otherwise specified, the term “you” as used in this Section includes, collectively and individually, all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this Section.

2. You covenant that during the term of this Agreement, or during any Interim Period, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below) other than one authorized by this Agreement or any other agreement between us and you.

3. You covenant that you will not, for a period of two years after the expiration or termination of this Agreement, or after the expiration of any Interim Period, regardless of the cause of termination, or within two years of the sale of the U.S. LAWNS Business or any interest in you, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business (as defined below):

a. In the Territory;

- b. Within a 50-mile radius of the outer boundary of the Territory; or
- c. Inside the protected territory of another U.S. LAWNS business, whether franchised or owned by us or our affiliates.

For purposes of this Section 9.D, a “Competitive Business” is any business which provides Landscape Maintenance Services.

4. You agree that the length of time in subpart (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

SECTION 10 TRANSFER OF FRANCHISE

10. You agree that the following provisions govern any transfer or proposed transfer:

A. Transfers. We have entered into this Agreement with specific reliance upon your financial qualifications, experience, skills and managerial qualifications as being essential to the satisfactory operation of the U.S. LAWNS Business. Consequently, neither your interest in this Agreement nor in the U.S. LAWNS Business may be transferred or assigned to or assumed by any other person or entity (the “assignee”), in whole or in part, unless you have first tendered to us the right of first refusal to acquire this Agreement in accordance with Section 10.F, and if we do not exercise such right, unless our prior written consent is obtained, the transfer fee provided for in Section 10.C is paid, and the transfer conditions described in Section 10.D are satisfied. Any sale (including installment sale), lease, pledge, management agreement, contract for deed, option agreement, assignment, bequest, gift or otherwise, or any arrangement pursuant to which you turn over all or part of the daily operation of the business to a person or entity who shares in the losses or profits of the business in a manner other than as an employee will be considered a transfer for purposes of this Agreement. Specifically, but without limiting the generality of the foregoing, the following events constitute a transfer and you must comply with the right of first refusal, consent, transfer fee, and other transfer conditions in this Section 10:

- 1. Any 20% or more change in the ownership percentage of the franchisee entity; or
- 2. Any change in the general partner of a franchisee that is a general, limited or other partnership entity.

In the event of your insolvency or the filing of any petition by or against you under any provisions of any bankruptcy or insolvency law, if your legal

representative, successor, receiver or trustee desires to succeed to your interest in this Agreement or the business conducted hereunder, such person first must notify us, tender the right of first refusal provided for in Section 10.F, and if we do not exercise such right, must apply for and obtain our consent to the transfer, pay the transfer fee provided for in Section 10.C, and satisfy the transfer conditions described in Section 10.D. In addition, you or the assignee must pay the attorneys' fees and costs that we incur in any bankruptcy or insolvency proceeding pertaining to you.

You may not place in any communication media or any form of advertising, any information relating to the sale of the U.S. LAWNS Business or the rights under this Agreement, without our prior written consent.

B. Consent to Transfer. We will not unreasonably withhold our consent to transfer, provided we determine that all of the conditions described in this Section 10 have been satisfied. Application for our consent to a transfer and tender of the right of first refusal provided for in Section 10.F must be made by submission on our form of application for consent to transfer, which must be accompanied by the documents (including a copy of the proposed purchase or other transfer agreement) or other required information. The application must indicate whether you or an owner proposes to retain an interest in the property to be transferred. No interest may be retained or created, however, without our prior written consent and except upon conditions acceptable to us. Any agreement used in connection with a transfer shall be subject to our prior written approval, which approval will not be withheld unreasonably. You immediately must notify us of any proposed transfer and must submit promptly to us the application for consent to transfer. Any attempted transfer by you without our prior written consent or otherwise not in compliance with the terms of this Agreement will be void and will provide us with the right to elect either to default and terminate this Agreement or to collect from you and the guarantors a transfer fee equal to two times the transfer fee provided for in Section 10.C.

C. Transfer Fee. ~~You must pay to us a transfer fee in the amount of 50% of our then-current initial franchise fee. You must pay to us our then-current transfer fee, which is presently \$15,000 for the first franchise (and presently reduced to \$5,000 if the transfer is to a person or entity that already owns or controls a majority interest in an existing U.S. Lawns franchise) on or before the date of transfer or assignment of this Agreement. If additional Franchise Agreements are transferred or assigned at the same time, you must pay an additional transfer fee of \$2,500 for each additional Franchise Agreement. We reserve the right to modify the transfer fee from time to time, except that it will not be increased by more than 5% in any given calendar year.~~ The transfer fee is nonrefundable even if, for any reason, the proposed transfer does not occur.

D. Conditions of Transfer. We condition our consent to any proposed transfer, whether to an individual, a corporation, a partnership or any other entity upon the following:

1. Assignee Requirements. The assignee must meet all of our then-current requirements for our U.S. LAWNS franchise program we are offering at the time of the proposed transfer and sign our then-current form of franchise agreement, modified to reflect the term remaining under this Agreement.

2. Payment of Amounts Owed. All amounts owed by you to us, or any of our affiliates or your suppliers, or upon which we or our affiliates have any contingent liability, must be paid in full.

3. Reports. You must have provided all required reports to us.

4. Non-Competition Agreement. You and your owner must execute a non-competition covenant in favor of us and the assignee, agreeing that for a period of not less than two years, commencing on the effective date of the assignment, you and your owner will not, directly or indirectly, within the Territory, solicit any person or Business Entity who is a customer of the Business at the time of the assignment, or offer, sell, or perform any Landscape Maintenance Services which are the same as or similar to those offered, sold or rendered by the U.S. LAWNS Business pursuant to this Agreement (except pursuant to other franchise agreements entered into with us) to any person or business entity which was at any time within 24 months immediately preceding the effective date of the assignment a customer of yours or of the U.S. LAWNS Landscape Maintenance Business.

5. Guarantee. In the case of an installment sale for which we have consented to you or any owner retaining an interest or other financial interest in this Agreement or the business operated thereunder, you or such owner, and the guarantors, are obligated to guarantee the performance under this Agreement until the final close of the installment sale or the termination of such interest, as the case may be.

6. General Release. You and each guarantor must sign a general release of all claims arising out of or relating to this Agreement, your U.S. LAWNS Business or the parties' business relationship, in the form we designate, releasing us and our affiliates.

7. Training. The assignee must, at your or assignee's expense, comply with our training requirements.

8. Financial Reports and Data. We have the right to require you to prepare and furnish to assignee and/or us such financial reports and other data relating to the U.S. LAWNS Business and its operations as we

deem reasonably necessary or appropriate for assignee and/or us to evaluate the U.S. LAWNS Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning the U.S. LAWNS Business and proposed transfer without being held liable to you, except for intentional misstatements made to an assignee. Any information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the U.S. LAWNS Business and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

9.9. Resale Assistance Fee. In the event that the assignee was introduced to you by the franchisor, its agents, or otherwise was a prospective franchisee working with franchisor's sales team or outside brokers, you will pay us a resale assistance fee ("Resale Assistance Fee"), in addition to the transfer fee, equal to the greater of (i) \$10,000; or (ii) our actual costs, including but not limited to any broker commission that may be incurred, due, or required arising from the transfer.

10. Other Conditions. You must have complied with any other conditions that we reasonably require from time to time as part of our transfer policies.

E. Death, Disability or Incapacity. If the event of a death, disability or incapacity of Franchisee (or, if Franchisee is a legal entity of Franchisee's principal owner) and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as the Franchisee or the principal owner of the Franchisee entity, such person or entity must apply for our consent under Section 10.B, pay the applicable transfer fee under Section 10.C, and satisfy the transfer conditions under Section 10.D, as in any other case of a proposed transfer, all within 120 days of the death or event of disability or incapacity. During any transition period to an heir or successor-in-interest, the U.S. LAWNS Business still must be operated in accordance with the terms and conditions of this Agreement. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee will be payable to us and we will not have a right of first refusal as set forth in Section 10.F. In the event of Franchisee's (or, if Franchisee is a legal entity of Franchisee's principal owner) death, disability or incapacity, we may elect to service Franchisee's customers ourselves or through the use of another franchisee if those customers cannot otherwise be adequately serviced as a result of such incapacity, disability or death. We or such other franchisee shall be entitled to be paid for such services in accordance with our or such other franchisee's then-current fees for such services.

F. Right of First Refusal. If you propose to transfer or assign this Agreement or your interest herein or in the business, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Section 10.A or any transfer described in Section 10.A, you first must offer to sell to us your interest. In the event of a bona fide offer from such third party, you must

obtain from the third-party offeror and deliver to us a statement in writing, signed by the offeror and by you, of the terms of the offer. We then have 10 days from our receipt of the statement setting forth the third-party offer and other requested information to accept the offer by delivering written notice of acceptance to you. We will have an additional 45 days to complete the purchase if we elect to exercise our right of first refusal. Our acceptance of any right of first refusal will be on the same price and terms set forth in the statement delivered to us; provided, however, we have the right to substitute equivalent cash for any noncash consideration included in the offer. If we fail to accept the offer within the 10-day period, you will be free for 60 days after such period to effect the disposition described in the statement delivered to us provided such transfer is in accordance with this Section 10. You may effect no other sale or assignment of you, this Agreement or the business without first offering the same to us in accordance with this Section 10.F.

G. Transfer by Us. We have the right to sell or assign, in whole or in part, our interest in this Agreement.

SECTION 11 DISPUTE RESOLUTION

11. The following provisions apply with respect to dispute resolution:

A. Mediation. Before any party may bring an action in court or against the other (except any action for declaratory and/or equitable relief and as noted in Section 11.C below), or commence an arbitration proceeding (except as noted in Section 11.C below), the parties must first meet to mediate the dispute. If you refuse to participate in mediation or do not respond to our request for mediation within 10 days after we give you written notice of our request to mediate, we may proceed to file an arbitration claim in accordance with Section 11.B or an action for declaratory and/or equitable relief as noted in Section 11.C below. The mediation will be held in person in the city in which our headquarters are located at the time of the mediation. Any such mediation shall be non-binding and shall be conducted informally between the parties for a minimum of two (2) consecutive eight (8) hour days in order to attempt to amicably resolve the dispute. If such informal dispute resolution efforts prove to be unsuccessful, the notifying party may initiate arbitration proceedings pursuant to Section 11.B below. Each party will bear its own costs and expenses for the mediation and split the costs of the mediator.

B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your U.S. LAWNS Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then the parties shall submit such class action or joined or consolidated

claims, as applicable, to binding arbitration in accordance with this remaining provisions of this Section 11. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. Any issue regarding arbitrability of a claim or the enforcement of this arbitration provision will be governed by the Federal Arbitration Act and the federal common law of arbitration. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your U.S. LAWNS Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. Each party will bear its own costs and expenses for the arbitration and will be responsible to pay 50% of the arbitrator's fees and costs (including arbitrator's and AAA's fees and costs); provided that the prevailing party will be entitled to reimbursement of its fees and costs under Section 11.D.

This agreement to arbitrate applies to you as well as to (1) all guarantors of your obligations under this Agreement, (2) if Franchisee is a legal entity, all owners, officers or principal owners of Franchisee, (3) all others who claim any rights or benefits based upon or relating to the franchise relationship or who make any claim or assert any defense based upon or relating to this Agreement, the relationship between the parties to this Agreement or otherwise relating or arising out of this Agreement.

C. Exceptions to Arbitration. Notwithstanding Section 11.B, the parties agree that the following claims will not be subject to mediation or arbitration:

1. any action by us for temporary, preliminary or permanent injunctive relief, specific performance, writ of attachment, or other equitable relief necessary to enjoin any harm or threat of harm to our tangible or intangible property, including trademarks, service marks and other intellectual property, brought at any time, including, without limitation, prior to or during the pendency of any mediation or arbitration proceedings initiated hereunder. You specifically acknowledge that your breach or threatened breach of any of your obligations under this Agreement, including but not limited to Sections 2.A, 3.B, 5.H, 9D or Section 13, would cause us irreparable harm. You understand that irreparable harm is an injury for which monetary damages are not an adequate remedy. Therefore, upon any such breach or threatened breach by you, in addition to any other rights or remedies that may be available to us at law, equity or otherwise, you acknowledge that we will be entitled to equitable relief, including an injunction, restraining order or specific performance, without any requirement to prove irreparable harm. In

addition, you hereby waive any right to request that a bond be issued as security (except for a nominal bond not to exceed \$100);

2. any action in ejectment or for possession of any interest in real or personal property; or

3. any action related solely to the collection of moneys owed to us or our affiliates.

D. Attorneys' Fees. The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs (including arbitrator's and AAA fees and costs).

SECTION 12 DEFAULT AND TERMINATION

12. The following provisions apply with respect to default and termination:

A. Defaults. You are in default if we determine that you or any guarantor has breached any of the terms of this Agreement or any other agreement between you and us or our affiliates, which without limiting the generality of the foregoing includes making any false report to us, intentionally understating or underreporting or failure to pay when due any amounts required to be paid to us or any of our affiliates, conviction of you or a guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of any of the Marks or the U.S. LAWNS Business or any felony, filing of tax or other liens that may affect this Agreement, voluntary or involuntary bankruptcy by or against you or any guarantor, insolvency, making an assignment for the benefit of creditors or any similar voluntary or involuntary arrangement for the disposition of assets for the benefit of creditors.

B. Termination by Us. We have the right to terminate this Agreement in accordance with the following provisions:

1. Termination After Opportunity to Cure. Except as otherwise provided in this Section 12.B: (i) you will have 30 days from the date of our issuance of a written notice of default to cure any default under this Agreement, other than a failure to pay amounts due or submit required reports, in which case you will have 10 days to cure those defaults; (ii) your failure to cure a default within the 30-day or 10-day period will provide us with good cause to terminate this Agreement; (iii) the termination will be accomplished by mailing or delivering to you written notice of termination that will identify the grounds for the termination; and (iv) the termination will be effective immediately upon our issuance of the written notice of termination.

2. Immediate Termination With No Opportunity to Cure. In the event any of the following defaults occur, you will have no right or opportunity to cure the default and this Agreement will terminate effective immediately on our issuance of written notice of termination: any material misrepresentation or omission in your franchise application or other reports or information provided to us, your voluntary abandonment of this Agreement, the closing of the U.S. LAWNS Business by any state or local authorities for health or public safety reasons, you register any domain name containing our Marks, any unauthorized use of the Confidential Information, insolvency of you or guarantor, you or a guarantor making an assignment or entering into any similar arrangement for the benefit of creditors, conviction of you or any guarantor of (or pleading no contest to) any misdemeanor that brings or tends to bring any of the Marks into disrepute or impairs or tends to impair your reputation or the goodwill of the Trademarks or the U.S. LAWNS Business or any felony, intentionally understating or underreporting Gross Billings, Royalties or Marketing Contributions or any understatement or 3% variance on a subsequent audit within a 2-year period, any unauthorized transfer or assignment in violation of Section 10 or any default by you that is the second default of any type within any 12-month consecutive period.

3. Immediate Termination After No More than 24 Hours to Cure. In the event that a default under this Agreement occurs that materially impairs the goodwill associated with any of the Marks, violates any health safety or sanitation law or regulation, violates any system standard as to cleanliness, health and sanitation, or if the operation of the U.S. LAWNS Business presents a health or safety hazard to the public: (i) you will have no more than 24 hours after we provide written notice of the default to cure the default; and (ii) this Agreement will terminate effective immediately on our issuance of written notice of termination.

4. Effect of Other Laws. The provisions of any valid, applicable law or regulation prescribing permissible grounds, cure rights or minimum periods of notice for termination of this franchise supersede any provision of this Agreement that is less favorable to you.

C. Termination by You. You may terminate this Agreement as a result of a breach by us of a material provision of this Agreement provided that: (i) you provide us with written notice of the breach that identifies the grounds for the breach; and (ii) we fail to cure the breach within 30 days after our receipt of the written notice. If we fail to cure the breach, the termination will be effective 60 days after our receipt of your written notice of breach. Your termination of this Agreement under this Section will not release or modify your post-term obligations under Section 13 of this Agreement.

SECTION 13 POST-TERM OBLIGATIONS

13. Upon the expiration or termination of this Agreement, or the expiration of any Interim Period:

A. Reversion of Rights; Discontinuation of Trademark Use. All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Marks will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. Upon our demand, you must assign to us or our assignee your remaining interest in any lease then in effect for the U.S. LAWNS Business (although we will not assume any past due obligations). You must immediately comply with the post-term noncompete obligations under Section 9.D, cease all use and display of the Marks and of any proprietary material (including the Operations Manual) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the U.S. LAWNS Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities. You must pay all sums due to us, our affiliates or designees and all sums you owe to third parties that have been guaranteed by us or any of our affiliates. You must immediately return to us, at your expense, all copies of the Operations Manual, customer lists and ongoing contracts then in your possession or control or previously disseminated to your employees and continue to comply with the confidentiality provisions of Section 5.H. You must promptly at your expense, remove or obliterate all U.S. LAWNS Business signage, displays or other materials in your possession that bear any of the Marks or names or material confusingly similar to the Trademarks and so alter the appearance of the U.S. LAWNS Business as to differentiate the U.S. LAWNS Business unmistakably from duly licensed commercial U.S. LAWNS businesses identified by the Trademarks. Notwithstanding the foregoing, in the event of expiration or termination of this Agreement (or the expiration of any Interim Period), you will remain liable for your obligations pursuant to this Agreement or any other agreement between you and us or our affiliates that expressly or by their nature survive the expiration or termination of this Agreement.

B. Purchase Option. We have the right to purchase or designate a third party that will purchase all or any portion of the assets of your U.S. LAWNS Business that are owned by you or any of your affiliates including, without limitation, the equipment, fixtures, inventory, supplies, and customer agreements ("Accounts") of your U.S. LAWNS Business. We have the right to select the assets of the Business we desire to purchase, including, without limitation, any individual Account. The purchase price for any Account to be purchased by us shall be an amount equal to the Average Monthly Revenue (as defined below) derived by you from such Account for ordinary Landscape Maintenance Services, which were reported to us during the 12 months immediately prior to the purchase. "Average Monthly Revenue" means the monthly average of all normal revenue (excluding extras and extraordinary services) derived from the Account for ordinary Landscape

Maintenance Services during such 12 month period. The purchase price for inventory and supplies to be purchased shall be the lesser of cost or market value, and the purchase price for equipment to be purchased shall be mutually agreed upon by the parties. If the parties are unable to agree on the market value of any inventory or supplies or the purchase price of any equipment, we shall have the right to appoint an independent appraiser whose decision shall be final and whose fee shall be shared equally by the parties. Notwithstanding anything to the contrary in this Agreement, we have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our affiliates

C. Claims. You and your principal owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your U.S. LAWNS Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.

SECTION 14 GENERAL PROVISIONS

14. The parties agree to the following provisions:

A. Severability. Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. Waiver/Integration. No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Operations Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and any application form or similar document executed by you requesting us to enter into this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this Agreement or in

any related agreement, however, is intended to disclaim the representations we made in the Disclosure Document we furnished to you.

C. Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:

1. If intended for us, addressed to U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, FL 32821, Facsimile;

2. If intended for you, addressed to you at the address set forth on the Data Sheet; or,

in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this Section.

D. Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.

E. References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.

F. Guarantee. All persons having a 5% or more ownership interest in a franchisee that is a corporation, partnership, limited liability company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.

G. Successors/Assigns. Subject to the terms of Section 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.

H. Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:

1. Applicable Law and Waiver. Subject to our rights under federal trademark laws and the parties' rights under the Federal Arbitration

Act in accordance with Section 11 of this Agreement, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Florida.

2. Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate, administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the requirements of Section 5.E and other express limitations set forth in this Agreement.

3. Our Reasonable Business Judgment. Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.

I. Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12 must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this Section will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this Section, and with a complete understanding thereof, agree to be bound in the manner set forth.

J. Jury Waiver. ALL PARTIES HEREBY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES FOR BREACH OF THIS AGREEMENT.

K. Waiver of Punitive Damages. YOU AND US AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THEM, EACH WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED.

L. Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.

M. Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

N. Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such business, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard inventory items, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.

O. Notice of Potential Profit. We and/or our affiliates may from time to time make available to you goods, products and/or services for use in your U.S. LAWNS Business on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.

P. Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this

Agreement. However, you do not have the right to, and may not, commence operation of a U.S. LAWNS Business until we notify you that you have satisfied all of the pre-opening conditions set forth in this Agreement.

IN WITNESS WHEREOF, the parties have executed this Franchise Agreement as of the dates written below.

FRANCHISEE: (For an Entity)

Date: _____

_____,
a _____
(Please type or print name and type of entity)

By: _____
(Signature of person signing on behalf of entity)

(Please type or print name of person
signing on behalf of entity)

Its: _____
(Please type or print title of person
signing on behalf of entity)

FRANCHISEE: (For an Individual)

Date: _____

Name: _____
(Please type or print)

Signature: _____

Witness: _____
(Please type or print)

Signature: _____

Date: _____

Name: _____
(Please type or print)

Signature: _____

US: U.S. LAWNS, INC.

Date: _____

By: _____

Its: _____

Schedule A to the Franchise Agreement

Data Sheet

1. **Franchisee:** _____

2. **Owners.** You represent and warrant to us that the following persons are the only owners of Franchisee:

Name	Home Address	Percentage of Ownership

The foregoing owners will be devoting their full time to the U.S. LAWNS Business:

3. **Territory.** As stated in Section 2 of the Franchise Agreement, and subject to the terms and conditions of the Franchise Agreement, the Territory under this Agreement is as follows: _____

4. **Initial Franchise Fee:** _____

5. **Initial Prospecting Fee:** _____

6. **Technology Fee:** As of the Effective Date, in addition to the Technology Fee, you are required to pay to (i) Quickbooks their annual fee in an amount between \$215 and \$400, and (ii) us the CRM (customer relationship management) fee in an annual amount between \$250 and \$450.

7. **Effective Date:** _____

We may amend this Data Sheet at any time to take into account new technology or related fees.

YOU: _____

WE: U.S. LAWNS, INC.

By _____
Its _____

By _____
Its _____

Schedule B to the Franchise Agreement

Conversion Addendum

This Addendum is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“we” or “us”) and _____ (“you”).

BACKGROUND:

- A. You own and operate an existing landscape maintenance business.
- B. You desire to convert your existing business to a U.S. LAWNS Business and you and we are entering into a U.S. LAWNS Franchise Agreement (“Franchise Agreement”) on this date.
- C. Because of your experience and existing client base, we have agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

- 1. The parties acknowledge and agree that Schedule 1 to this Addendum sets forth the complete listing of your existing customers.
- 2. Section 8.B. and Section 8.E. of the Franchise Agreement are revised to provide that you will not pay any royalties on “Conversion Gross Billings” for the first ~~180~~365 days of the initial term of this Agreement. Thereafter, you will pay the applicable rate specified in Section 8.B. in accordance with the terms of Section 8.E. For purposes of this Addendum, Conversion Gross Billings are Gross Billings received from existing customers under contract with you on the date the Franchise Agreement is signed as listed on Attachment 1 to this Addendum.
- 3. Section 8.C. of the Franchise Agreement is revised to provide that you will not pay any Marketing Contribution for the first ~~180~~365 days of the initial term of this Agreement. Thereafter, you will pay the standard percentage as provided in Section 8.C.
- 4. In all other respects, the Franchise Agreement shall remain the same and be enforceable according to its terms and conditions.

U.S. LAWNS, INC.
By: _____
Title: _____
Date: _____

FRANCHISEE:

Title: _____
Its: _____
Date: _____

Schedule 1

List of Existing Clients

Schedule C to the Franchise Agreement
Business Note and Security Agreement

Date: _____

Principal Amount: \$ _____

_____ FOR VALUE RECEIVED, the Undersigned ("Borrower"), jointly and severally, promise to pay to the order of U.S. Lawns, Inc., a Florida corporation ("U.S. LAWNS"), the principal sum of _____ dollars (\$ _____), together with interest on the unpaid principal balance equal to the Prime Rate (as defined below) plus ____% ("Interest Rate"). "Prime Rate" means the U.S. prime interest rate as published in The Wall Street Journal on the date immediately preceding the date of this Business Note, or if not published on such date, the most recent such rate previously published in The Wall Street Journal. The Interest Rate will be adjusted at the end of the first business day after January 1, April 1, July 1, and October 1 of each year for which amounts are outstanding and owed under this Business Note to reflect the U.S. prime interest rate plus ____% on such date. Principal and interest shall be payable hereunder in consecutive equal monthly installments of _____ dollars (\$ _____) on the 1st day of each month beginning _____, 20___. The entire principal balance together with accrued but unpaid interest thereon shall be due and payable hereunder on _____, _____.

_____ If Borrower fails to make any required monthly payment by the tenth day of the month in which such payment is due, in addition to the principal and interest outstanding and owed under this Business Note, Borrower shall pay to U.S. LAWNS a late payment fee equal to twenty five dollars (\$25.00) per month for each month until the required monthly payment is paid in full. In addition, if Borrower fails twice in any consecutive 12-month period to make required monthly payments by the tenth day of the month in which such payment is due, any and all amounts outstanding hereunder shall automatically bear interest from the date due until the principal and all accrued but unpaid interest and late fees are paid in full at the rate equal to the Prime Interest Rate plus ____%, with such rate not to exceed 18% ("Default Interest Rate"), without notice to Borrower. All amounts received by U.S. LAWNS shall be applied first to late payment charges and expenses, then to accrued interest, and then to principal or in any other order as determined by U.S. LAWNS, in U.S. LAWNS' sole discretion, as permitted by law.

_____ Payment of both principal and interest shall be made at 6700 Forum Drive, Suite 150, Orlando, FL 32821, or at such other place as U.S. LAWNS or the holder of this Business Note shall designate. Borrower shall make payments of all amounts due under this Business Note by check, but such payments shall be accepted subject to collection and, at U.S. LAWNS' option, shall be deemed received only when collected.

_____ This Business Note may be prepaid in whole or in part, without premium, from time to time on the date that any installment comes due, with minimum partial payments of \$100.00 or any multiple thereof. No prepayments of this Business Note shall affect the obligation of Borrower to make the payments of installments of the principal and interest required by the first paragraph hereof until this Business Note shall have been paid in full. After the maturity of this Business Note (whether by acceleration or otherwise), interest shall accrue on the principal balance at the rate of 18% per annum or the maximum rate permitted by applicable law.

_____ To secure payment of this Business Note, Borrower grants and pledges to U.S. LAWNS a security interest in the following property with standard attachments and all additions and accessions thereto and any proceeds there from (hereinafter called the "collateral"): any and all assets of the business known as _____ dba U.S. LAWNS _____ presently existing or

~~hereafter acquired, including, but not limited to, equipment, inventory, fixtures, accounts receivable, contracts, checking and savings accounts, leasehold interests, products and all proceeds of any thereof until this Business Note is satisfied in full.~~

~~On default hereunder and at any time thereafter, U.S. LAWNS may declare all of the obligations under this Business Note immediately due and payable and shall have the remedies of a secured party under the provisions of the Uniform Commercial Code. U.S. LAWNS shall give to Borrower reasonable notice of the time and place of any public sale thereof or of the time at which any private sale or any other intended disposition is to be made. The requirement of reasonable notice shall be met if such notice is mailed, postage prepaid, to the address of Borrower shown on this Business Note at least 30 days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like shall include reasonable attorneys' fees and legal expenses incurred by U.S. LAWNS or holder.~~

~~The occurrence of any one or more of the following shall be deemed to be an event of default hereunder:~~

- ~~(a) Failure of Borrower to pay any installment of principal or interest when due; or~~
- ~~(b) The filing of any petition by Borrower or against Borrower under the Federal Bankruptcy Act as now or hereafter in force for any relief based upon an allegation of Borrower's insolvency, or the adjudication of Borrower as a bankrupt under such Act; or~~
- ~~(c) The filing of a petition against Borrower for reorganization of Borrower under the Federal Bankruptcy Act as now or hereafter in force, and the approval of such petition by any United States District Court or United States Bankruptcy Court; or~~
- ~~(d) The execution and delivery by Borrower of a general assignment for the benefit of creditors; or~~
- ~~(e) The appointment of a receiver for Borrower by a court of competent jurisdiction, which appointment shall not have been vacated within a period of 30 days after the date of the appointment of such receiver; or~~
- ~~(f) Insolvency of Borrower. Insolvency shall be defined as, when the current liabilities, less payables due U.S. LAWNS, exceed the current assets of Borrower, as determined by generally accepted accounting principles; or~~
- ~~(g) Failure of Borrower to maintain on a current basis Borrower's account with U.S. LAWNS. A current basis is maintained when (1) payments are made within 30 days after charges are billed, where applicable, and (2) a monthly report is submitted and fees paid thereon in the calendar month following the month for which the report is filed; or~~
- ~~(h) Failure to cure, within applicable grace periods, any breach of Borrower's Franchise Agreement(s) with U.S. LAWNS.~~

~~Borrower shall submit to U.S. LAWNS, until this Business Note be paid in full, an annual Balance Sheet(s) and Profit & Loss Statement(s).~~

~~No waiver by U.S. LAWNS of any default on the part of Borrower, and no practice of the parties at variance with the terms hereof shall constitute a waiver of any subsequent default of the same or different terms, covenants or conditions hereof.~~

~~It is the intention of Borrower and U.S. LAWNS to conform strictly to all applicable usury laws now or hereafter in force, and any interest payable under this Business Note shall be subject to reduction to the amount not in excess of the maximum legal amount allowed under the applicable usury laws as now or hereafter construed by the courts having jurisdiction over such matters. Interest, as defined by applicable law, may never include more than the maximum amount permitted by applicable law, statute, rule or regulation, computed from the date hereof until payment, and any interest in excess of the maximum amount permitted by applicable law, statute, rule or regulation shall be canceled automatically and, if theretofore~~

~~paid, shall at the option of U.S. LAWNS hereof either to be rebated to Borrower or credited on the principal amount of this Business Note, or if this Business Note has been paid, then the excess shall be rebated to Borrower.~~

~~U.S. LAWNS shall be entitled to recover all costs and expenses, including reasonable attorneys' fees, incurred or paid by U.S. LAWNS in enforcing or defending any action relating to this Business Note, whether or not suit is filed.~~

~~Wherever "U.S. LAWNS" is referred to herein, it shall be deemed to refer to U.S. LAWNS or any other assignee or subsequent holder of this Business Note.~~

~~The laws of the State of Florida shall govern the construction of this Business Note. Notwithstanding anything to the contrary contained herein, it is agreed that, if a court of competent jurisdiction determines that the payment of interest or other charges pursuant to this Business Note shall require the payment of an amount in excess interest shall at the election of U.S. LAWNS, be either applied as a credit against the principal balance or refunded to the Borrower; it being the intention of the Parties that this Business Note comply with applicable usury laws. This Business Note is dated as of the date first set forth above.~~

BORROWER:

Signature

Signature

Individual, Partner, or Officer

Second Partner

Home Phone #(____) _____

Home Phone #(____) _____

Name of Franchise U.S. LAWNS

Street Address:

Schedule D to the Franchise Agreement

Electronic Transfer of Funds Authorization

Franchisee: _____

Location: _____

Date: _____

NEW	CHANGE

Attention: Bookkeeping Department

The undersigned hereby authorizes U.S. Lawns, Inc. or any affiliated entity (collectively, “Franchisor”) to initiate weekly ACH debit entries against the account of the undersigned with you in payment of amounts for Royalty Fees, Marketing Contribution or other amounts that become payable by the undersigned to Franchisor. The dollar amount to be debited per payment will vary.

Subject to the provisions of this letter of authorization, you are hereby directed to honor any such ACH debit entry initiated by Franchisor.

This authorization is binding and will remain in full force and effect until 90 days prior written notice has been given to you by the undersigned. The undersigned is responsible for, and must pay on demand, all costs or charges relating to the handling of ACH debit entries pursuant to this letter of authorization.

Please honor ACH debit entries initiated in accordance with the terms of this letter of authorization, subject to there being sufficient funds in the undersigned’s account to cover such ACH debit entries.

Sincerely yours,

Account Name _____

Bank Name _____

Branch _____ City _____

Street Address _____

City _____ State _____ Zip Code _____

Bank Telephone Number _____

Bank’s Account Number _____

Customer’s Account Number _____

Street Address _____

State _____ Zip Code _____

Telephone Number _____

By _____

Its _____

Date _____

CONFIDENTIALITY AND NON-COMPETE AGREEMENT

TO BE EXECUTED BY FRANCHISE OWNERS AND ANY GENERAL MANAGER WHO ATTENDS INITIAL TRAINING. IT IS NOT TO BE USED FOR ANY EMPLOYEES OTHER THAN ANY GENERAL MANAGER WHO ATTENDS INITIAL TRAINING.

NAME: _____

OWNER: _____

HOME ADDRESS: _____

HOME TELEPHONE: _____

RELATIONSHIP: _____

(Owner, Spouse, Officer, General Manager, Etc.)

I do hereby agree that during the term of my employment by, ownership participation in, association with or service to _____ ("Owner"), a franchise of U.S. Lawns, Inc. ("U.S. LAWNS"), or at any time thereafter, I will not communicate, divulge or use for the benefit of any other person or entity any confidential information, knowledge or know-how concerning the systems of operation, services, products, customers or prospective customers, or practices of Owner and/or U.S. LAWNS which may be communicated to me, nor shall I divert any business to competitors of Owner and/or U.S. LAWNS.

For purposes of this Agreement, "Confidential Information" means any proprietary and confidential information owned by U.S. LAWNS relating to the development or operation of U.S. LAWNS Businesses whether contained in the Operations Manual or otherwise, including, but not limited to: (1) technical information and expertise; (2) data bases of potential customers; (3) sales and marketing programs and techniques for U.S. LAWNS Businesses; (4) Customer Information (as defined below); (5) knowledge of operating systems, results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own; and (6) computer systems, technology and software programs. Confidential Information does not include information which I can demonstrate came to my attention prior to disclosure thereof or which had become or becomes a part of the public domain through publication or communication by others but in no event by or through any act of mine.

I specifically understand that, without limitation, the following have been deemed to constitute confidential information of U.S. LAWNS: all services and procedures relating to landscape maintenance services and any and all landscape – related services; all systems of operation, services, programs, products, procedures, policies, standards, techniques, specifications and

criteria which now comprise or in the future may comprise a part of the U.S. LAWNS' system of performing landscape maintenance services; U.S. LAWNS' operating manuals and any and all Supplements and/or amendments thereto; services, techniques and systems for landscape maintenance services; customer service systems and techniques; brochures, sales kits, form contracts and/or forms; business systems; customer and prospective customer lists; records pertaining to clients or billings; computer software and processing technologies; methods of advertising and promotion; instructional materials; staff composition and organization quality assurance programs; supervision systems; recommended services; methods and techniques for cost control; record keeping systems and materials; bookkeeping systems and materials; business forms; product and service order forms; general operations materials; revenue reports; activity schedules; job descriptions; advertising, promotional and public relations materials, campaigns, guidelines and philosophy; specifications, systems, standards, techniques, philosophies and materials, guidelines, policies and procedures concerning U.S. LAWNS' system of performing landscape maintenance services; additions to, deletions from, and modifications and variations of the components constituting U.S. LAWNS' system of performing landscape maintenance services; or the systems and methods of operations which are now, or may in the future, be employed by U.S. LAWNS, including all standards and specifications relating thereto and the means and manner of soliciting customers for same; and, all other components, specifications, standards, requirements and duties imposed by U.S. LAWNS or its affiliates.

I will not at any time copy, duplicate, record or otherwise reproduce any of the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. Upon the expiration or other termination for any reason of my employment, association, service or ownership participation, I will return to U.S. LAWNS or Owner (as applicable) all materials, books, records and manuals deemed to be confidential herein which are in my possession.

I agree that I have received or will receive valuable training and Confidential Information that I otherwise would not receive or have access to but for my association with the U.S. LAWNS system. I therefore agree to the following noncompetition covenants:

1. I covenant that during the term of my association/ ownership/participation, I will not, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below) other than the U.S. LAWNS Business operated pursuant to a franchise agreement with U.S. Lawns, Inc.

2. I covenant that I will not, for a period of two years after the expiration or termination of my employment/service/association/ownership/participation, regardless of the cause of termination, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business (as defined below):

a. In the Owner's Territory;

b. Within a 50-mile radius of the outer boundary of the Owner's Territory; or

- c. Inside the protected territory of another U.S. LAWNS business.

For purposes of this Agreement, a “Competitive Business” is any business which provides the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6) lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales and installation of authorized landscape products and the sale and the installation of living landscape materials such as plants, trees, and flowers; (9) lawn seeding, overseeding, aerification, thatching and grading; or (10) arborist services.

3. I agree that the length of time in subpart (2) above will be tolled for any period during which I am in breach of the covenants.

It is the intention of this Agreement to prohibit not only direct competition but also forms of indirect competition, such as consultation for competitive businesses, service as an independent contractor for such competitive businesses, or any assistance or transmission of information of any kind or nature whatsoever which would be of any material assistance to a competitor. Nothing herein shall prevent me from owning for investment purposes up to an aggregate of five (5%) per cent of the capital stock for any competitive business, provided that said business is a publicly held corporation whose stock is listed and traded on a national or regional stock exchange, or through the National Association of Securities Dealers Automated Quotation System (NASDAQ), and provided that Owner does not control any such company.

It is the intention of this provision that any person or entity having any legal or beneficial interest in or traceable to, down or through me to be bound by the provisions of this covenant, including (without limitation) my spouse, parents, siblings and in-laws; any direct or indirect beneficiary; any partner (general or limited) or proprietor of mine; and, any other such related person or entity, regardless of how many levels or tiers there may be between any such described person or entity and me. I further agree that upon the expiration or termination of my term of employment/service/association, I shall immediately refrain from any and all contacts with customers, for any purpose whatsoever.

I acknowledge that violation of the covenants not to compete contained herein would result in immediate and irreparable injury to U.S. LAWNS and Owner for which no adequate remedy at law will be available. Accordingly, I hereby consent to the entry of an injunction procured by U.S. LAWNS or Owner (or both) prohibiting any conduct by me in violation of the terms of those covenants not to compete and/or restrictions on the use of confidential information set forth herein. I expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of said covenants not to compete was accomplished by and through my unlawful utilization of U.S. LAWNS' confidential information, know-how, methods and procedures. Further, I expressly agree that the existence of any claims I may have against U.S. LAWNS will not constitute a defense to the enforcement by U.S. LAWNS of

the covenants not to compete set forth herein. I further agree to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by U.S. LAWNS in connection with the enforcement of those covenants not to compete set forth herein.

If all or any portion of this covenant not to use confidential information and not to compete is held unreasonable, void, vague or illegal by any court or agency having valid jurisdiction in an unappealed final decision to which Owner and/or U.S. LAWNS is a party, the court or agency shall be empowered to revise and/or construe said covenant so as to fall within permissible legal limits and shall not by necessity invalidate the entire covenant. I expressly agree to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenant were separately stated in and made a part hereof.

Date: _____

By: _____
Signature

Printed Name

Schedule FE to the Franchise Agreement

SBA ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (Addendum) is made and entered into only U.S. Lawns, Inc., located at 6700 Millenia Blvd., Suite 150, Orlando, Florida (Franchisor), and _____, located _____ at _____ (Franchisee).

Recitals.

Franchisor and Franchisee entered into a Franchise Agreement on _____ (Franchise Agreement). The Franchisee agreed among other things to operate and maintain a franchise located at _____ designated by Franchisor as Unit # _____ (Unit). Franchisee has obtained from a lender a loan (Loan) in which funding is provided with the assistance of the United States Small Business Administration (SBA). SBA requires the execution of this Addendum as a condition for obtaining the SBA assisted financing.

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable considerations in hand paid by each of the parties to the others, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

1. Franchise Agreement is in full force and effect, and Franchisor has sent no official notice of default to Franchisee under the Franchise Agreement that remains uncured on the date hereof.

2. Notwithstanding anything to the contrary in Section 5.L of the Franchise Agreement, the franchisee shall have the discretion to set pricing for its products and services provided that, subject to applicable antitrust laws, such pricing: (1) is at or below any maximum price cap programs established by the franchisor for its franchise system; or (2) is at or above any minimum price threshold programs established by the franchisor for its franchise system; or (3) conforms to any bona fide promotional programs or national or regional accounts programs established from time to time by the franchisor for its franchise system.

3. Section 10.F of the Franchise Agreement provides that the Franchisor (or any third party assignee of the Franchisor) may elect pursuant to its Right of First Refusal to exercise said option when the Franchisee decides to sell partial interest(s) in the business. This section is hereby amended to reflect that the Franchisor (or any third party assignee of the Franchisor) will not exercise the option for any partial sale of the Franchisee's business. The Franchisor (or any third party assignee of the Franchisor) may not become a partial owner of any SBA financed franchises.

4. Notwithstanding anything to the contrary in Section 10.F of the franchise agreement, if the Franchisee or its affiliates own the real estate on which the franchised business is located, the Franchisor may only lease the real estate for the remainder of the Franchisee's term (excluding additional renewal) for fair market value.

5. If the Franchise Agreement is terminated and the Franchised Site or its contents are to be sold under Section 13.B of the Franchise Agreement and the parties are unable to agree as to a purchase price and terms, the fair market value of such premises and property shall be determined by three Appraisers chosen in the following manner. Franchisee shall select one and Franchisor shall select one, and the two appraisers so chosen shall select a third appraiser. The decision of the majority of the appraisers so chosen shall be conclusive. The cost of the third appraiser shall be shared equally by the parties.

6. Notwithstanding the language the Business Note and Security Addendum, Franchisor will agree to subordinate its interest to any lien required by the Lender/SBA under the SBA Loan Authorization.

7. This Addendum automatically terminates on the earliest to occur of the following: (i) a Termination occurs under the Franchise Agreement; (ii) the Loan is paid; or (iii) SBA no longer has any interest in the Loan.

IN WITNESS WHEREOF, the parties hereto have duly signed and executed this Addendum as of the day and year first above written.

FRANCHISOR:

FRANCHISEE:

U.S. LAWNS, INC.:

_____:

By: _____

By: _____

Print Name: Kenneth L. Hutcheson

Print Name: _____

Title: President

Title: _____

Schedule GF to the Franchise Agreement

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT
(For Franchisees with Franchise Agreements dated prior to April 18, 2018)

THIS ADDENDUM (this “Addendum”) is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee”).

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated [_____] (the “Prior Franchise Agreement”) pursuant to which Franchisee agreed, among other things, to operate and maintain a landscape maintenance franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”), pursuant to which, among other things, the Prior Franchise Agreement is hereby terminated and replaced with the terms and conditions of the Franchise Agreement. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Because of Franchise’s preexisting relationship with Franchisor, Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. Royalties. Notwithstanding anything in Section 8.B of the Franchise Agreement, Franchisor and Franchisee agree, subject to the conditions set forth in Section 2 of this Addendum, that Franchisee must pay Royalties to Franchisor calculated as follows:

- If your Gross Billings in the calendar month are \$41,500 or less, you pay 6% of Gross Billings.
- If your Gross Billings in the calendar month are over \$41,500 but equal to or less than \$62,500, you pay 5% of Gross Billings.
- If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$83,250, you pay 4% of Gross Billings.
- If your Gross Billings in the calendar month are over \$83,250, you pay 3% of all Gross Billings.

- If your Gross Billings in the calendar month are over \$104,166, you pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.

2. Conditions to Adjusted Royalty Provisions. The adjusted Royalty schedule set forth in Section 1 of this Addendum shall not apply if any of the following occurs, has occurred or is occurring:

(a) Franchisor has sent a notice of default or breach to Franchisee (with respect to obligations under the Franchise Agreement or under any other agreement between Franchisee and Franchisor or its affiliates) and such default or breach remains uncured beyond the time period for cure (if any) specified in such notice.

(b) Franchisee is delinquent in the submission of required reports or in making payment of any amounts owed to Franchisor or its affiliates regardless of whether Franchisor has issued a notice of default for the delinquent reports or payment.

Upon the occurrence of any event listed in clauses (a) and (b) of this Section 2, the adjusted Royalty schedule set forth in Section 1 of this Addendum shall no longer apply and Franchisee must pay Royalties to Franchisor in accordance with Section 8.B of the Franchise Agreement for the remainder of the term of the Franchise Agreement.

3. Termination of Prior Franchise Agreement; Release.

(a) The parties hereby agree that the Prior Franchise Agreement is hereby terminated with no further force and effect, except that Franchisee agrees to comply with the indemnification obligations set forth in the Prior Franchise Agreement, which shall expressly survive as well as Franchisee agrees to remain responsible for any unpaid amounts still due under the Prior Franchise Agreement.

(b) Except as noted in this Section 3(b), Franchisee, for itself, its heirs, successors, assigns, affiliates, directors, officers, shareholders, and employees and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”), hereby release and forever discharge Franchisor, its successors and assigns, affiliates, directors, officers and shareholders, (collectively and individually referred to as the “Franchisor Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Prior Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Prior Franchise Agreement or any other related agreement between the Franchisee Parties and the Franchisor Parties up through the date of this Addendum. Notwithstanding the above, this release of Claims is not a release of any claims related to the Franchise Agreement signed of even date herewith and the renewal franchise that is subject to said Franchise Agreement.

(c) The releases of Claims set forth in Section 3(b) is intended by the to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Franchisee Parties This release of Claims is and shall be and remain a full, complete and unconditional general release.

(d) Franchisee, for itself and its Franchisee Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. Franchisee acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

4. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.

5. Miscellaneous.

(a) Construction. The parties hereto have participated jointly in the negotiation and drafting of this Addendum. In the event an ambiguity or question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Addendum.

(b) Headings. The headings and subheadings contained in this Addendum are inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Addendum.

(c) Amendment and Waiver in Writing. No provision in this Addendum can be amended, modified or waived, except by a statement in writing signed by the party against which enforcement of the amendment, modification or waiver is sought stating that the Addendum “is to be modified,” “is to be waived,” or “is to be amended.”

(d) Counterparts. This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Addendum may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have

the same effect as an original.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

U.S. LAWNS, INC.

FRANCHISEE:

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

*This Agreement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Schedule GF to the Franchise Agreement

RENEWAL ADDENDUM TO FRANCHISE AGREEMENT
(For Franchisees with Franchise Agreements dated after April 18, 2018)

THIS ADDENDUM (this “Addendum”) is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee”).

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated [_____] (the “Prior Franchise Agreement”) pursuant to which Franchisee agreed, among other things, to operate and maintain a landscape maintenance franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”), pursuant to which, among other things, the Prior Franchise Agreement is hereby terminated and replaced with the terms and conditions of the Franchise Agreement. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Because of Franchisee’s preexisting relationship with Franchisor, Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. Termination of Prior Franchise Agreement; Release.

(a) The parties hereby agree that the Prior Franchise Agreement is hereby terminated with no further force and effect, except that Franchisee agrees to comply with the indemnification obligations set forth in the Prior Franchise Agreement, which shall expressly survive as well as Franchisee agrees to remain responsible for any unpaid amounts still due under the Prior Franchise Agreement.

(b) Except as noted in this Section 1(b), Franchisee, for itself, its heirs, successors, assigns, affiliates, directors, officers, shareholders, and employees and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”), hereby release and forever discharge Franchisor, its successors and assigns, affiliates, directors, officers and shareholders, (collectively and individually referred to as the “Franchisor Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown,

vested or contingent, which you may now or in the future own or hold, that in any way relate to the Prior Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Prior Franchise Agreement or any other related agreement between the Franchisee Parties and the Franchisor Parties up through the date of this Addendum. Notwithstanding the above, this release of Claims is not a release of any claims related to the Franchise Agreement signed of even date herewith and the renewal franchise that is subject to said Franchise Agreement.

(c) The releases of Claims set forth in Section 1(b) is intended by the to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Franchisee Parties This release of Claims is and shall be and remain a full, complete and unconditional general release.

(d) Franchisee, for itself and its Franchisee Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties’ relationship. Franchisee acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

2. [NOTE: Detail other terms and conditions of the renewal.]

3. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.

4. Miscellaneous.

(a) Construction. The parties hereto have participated jointly in the negotiation and drafting of this Addendum. In the event an ambiguity or question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Addendum.

(b) Headings. The headings and subheadings contained in this Addendum are inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Addendum.

(c) Amendment and Waiver in Writing. No provision in this Addendum can be amended, modified or waived, except by a statement in writing signed by the party against which enforcement of the amendment, modification or waiver is sought stating that the Addendum “is to be modified,” “is to be waived,” or “is to be amended.”

(d) Counterparts. This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Addendum may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have the same effect as an original.

IN WITNESS WHEREOF, the parties have executed this Renewal Addendum as of the dates written below.

U.S. LAWNS, INC.

By: _____
Title: _____
Date: _____

FRANCHISEE:

Title: _____
Date: _____

*This Agreement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Schedule **HG** to the Franchise Agreement

TRANSFER ADDENDUM TO FRANCHISE AGREEMENT

(For the transfer of the Franchised Business granted pursuant to Franchise Agreements dated prior to April 18, 2018)

THIS ADDENDUM (this “Addendum”) is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee/Transferee”).

BACKGROUND:

A. Franchisor and Franchisee/Transferee’s predecessor in interest (“Transferor”) were parties to a Franchise Agreement dated [_____] (the “Prior Franchise Agreement”) pursuant to which Transferor agreed, among other things, to operate and maintain a landscape maintenance franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee/Transferee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”) and in connection therewith, the Prior Franchise Agreement is hereby terminated and replaced with the terms and conditions of the Franchise Agreement. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. Royalties. Notwithstanding anything in Section 8.B of the Franchise Agreement, Franchisor and Franchisee/Transferee agree, subject to the conditions set forth in Section 2 of this Addendum, that Franchisee/Transferee must pay Royalties to Franchisor calculated as follows:

- If your Gross Billings in the calendar month are \$41,500 or less, you pay 6% of Gross Billings.
- If your Gross Billings in the calendar month are over \$41,500 but equal to or less than \$62,500, you pay 5% of Gross Billings.
- If your Gross Billings in the calendar month are over \$62,500 but equal to or less than \$83,250, you pay 4% of Gross Billings.

- If your Gross Billings in the calendar month are over \$83,250, you pay 3% of all Gross Billings.
- If your Gross Billings in the calendar month are over \$104,166, you pay 3% of all Gross Billings up to and including \$104,166, plus 1.5% of the Gross Billings in excess of \$104,166.

2. Conditions to Adjusted Royalty Provisions. The adjusted Royalty schedule set forth in Section 1 of this Addendum shall not apply if any of the following occurs, has occurred or is occurring:

- (a) Franchisor has sent a notice of default or breach to Franchisee/Transferee (with respect to obligations under the Franchise Agreement or under any other agreement between Franchisee/Transferee and Franchisor or its affiliates) and such default or breach remains uncured beyond the time period for cure (if any) specified in such notice.
- (b) Franchisee/Transferee is delinquent in the submission of required reports or in making payment of any amounts owed to Franchisor or its affiliates regardless of whether Franchisor has issued a notice of default for the delinquent reports or payment.

Upon the occurrence of any event listed in clauses (a) and (b) of this Section 2, the adjusted Royalty schedule set forth in Section 1 of this Addendum shall no longer apply and Franchisee/Transferee must pay Royalties to Franchisor in accordance with Section 8.B of the Franchise Agreement for the remainder of the term of the Franchise Agreement.

3. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.

4. Miscellaneous.

(a) Construction. The parties hereto have participated jointly in the negotiation and drafting of this Addendum. In the event an ambiguity or question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Addendum.

(b) Headings. The headings and subheadings contained in this Addendum are inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Addendum.

(c) Amendment and Waiver in Writing. No provision in this Addendum can be amended, modified or waived, except by a statement in writing signed by the party against which enforcement of the amendment, modification or waiver is sought stating that the Addendum “is to be modified,” “is to be waived,” or “is to be amended.”

(d) Counterparts. This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Addendum may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have the same effect as an original.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

U.S. LAWNS, INC.

By: _____

Title: _____

Date: _____

FRANCHISEE/TRANSFeree:

Title: _____

Date: _____

Schedule **HG** to the Franchise Agreement

TRANSFER ADDENDUM TO FRANCHISE AGREEMENT

(For the transfer of the Franchised Business granted pursuant to Franchise Agreements dated after April 18, 2018)

THIS ADDENDUM (this “Addendum”) is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee/Transferee”).

BACKGROUND:

A. Franchisor and Franchisee/Transferee’s predecessor in interest (“Transferor”) were parties to a Franchise Agreement dated [_____] (the “Prior Franchise Agreement”) pursuant to which Transferor agreed, among other things, to operate and maintain a landscape maintenance franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee/Transferee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”) and in connection therewith, the Prior Franchise Agreement is hereby terminated and replaced with the terms and conditions of the Franchise Agreement. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. [NOTE: Detail other terms and conditions of the transfer.]
2. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.
3. Miscellaneous.
 - (a) Construction. The parties hereto have participated jointly in the negotiation and drafting of this Addendum. In the event an ambiguity or question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Addendum.
 - (b) Headings. The headings and subheadings contained in this Addendum are

inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Addendum.

(c) Amendment and Waiver in Writing. No provision in this Addendum can be amended, modified or waived, except by a statement in writing signed by the party against which enforcement of the amendment, modification or waiver is sought stating that the Addendum “is to be modified,” “is to be waived,” or “is to be amended.”

(d) Counterparts. This Addendum may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Addendum may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have the same effect as an original.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

U.S. LAWNS, INC.

By: _____
Title: _____
Date: _____

FRANCHISEE/TRANSFeree:

Title: _____
Date: _____

Schedule **HH** to the Franchise Agreement

NEW TERRITORY ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (this “Addendum”) is entered into on this ___ day of _____, 20__ between U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee”).

BACKGROUND:

A. Franchisor and Franchisee are party to a Franchise Agreement dated [_____] (the “Prior Franchise Agreement”) pursuant to which Franchisee agreed, among other things, to operate and maintain a landscape maintenance franchise under Franchisor’s brand (“Franchised Business”).

B. Franchisor and Franchisee entered into a Franchise Agreement of even date herewith (the “Franchise Agreement”), pursuant to which, Franchisee may operate in an additional Territory. Capitalized terms used in this Addendum but not defined in this Addendum shall have the meanings given to such terms in the Franchise Agreement.

C. Because of Franchise’s preexisting relationship with Franchisor, Franchisor has agreed to make certain modifications to the Franchise Agreement as set forth below.

AGREEMENT:

NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:

1. Release.

(a) Except as noted in this Section 1(a), Franchisee, for itself, its heirs, successors, assigns, affiliates, directors, officers, shareholders, and employees and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”), hereby release and forever discharge Franchisor, its successors and assigns, affiliates, directors, officers and shareholders, (collectively and individually referred to as the “Franchisor Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Prior Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Prior Franchise Agreement or any other related agreement between the Franchisee Parties and the Franchisor Parties up through the date of this Addendum. Notwithstanding the above, this release of Claims is not a release of any claims related to the Franchise Agreement signed

of even date herewith and the renewal franchise that is subject to said Franchise Agreement.

(b) The releases of Claims set forth in Section 1(a) is intended by the to be a full and unconditional general release, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Franchisee Parties. This release of Claims is and shall be and remain a full, complete and unconditional general release.

(c) Franchisee, for itself and its Franchisee Parties, hereby expressly, voluntarily, and knowingly waives, relinquishes and abandons each and every right, protection, and benefit to which they would be entitled, now or at any time hereafter under Section 1542 of the Civil Code of the State of California, as well as under any other statutes or common law principles of similar effect to said Section 1542, whether now or hereafter existing under the laws of California or any other applicable federal or state law with jurisdiction over the parties' relationship. Franchisee acknowledges that Section 1542 of the Civil Code of the State of California provides as follows:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor or released party.”

2. Additional Territory. [NOTE: Detail new Territory/Territories and any other terms and conditions of the addendum.]

3. No Other Modifications. Except as expressly modified by this Addendum, the Franchise Agreement remains in full force and effect and is enforceable according to its terms and conditions.

4. Miscellaneous.

(a) Construction. The parties hereto have participated jointly in the negotiation and drafting of this Addendum. In the event an ambiguity or question of intent or interpretation arises, this Addendum shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Addendum.

(b) Headings. The headings and subheadings contained in this Addendum are inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Addendum.

(c) Amendment and Waiver in Writing. No provision in this Addendum can be amended, modified or waived, except by a statement in writing signed by the party against which enforcement of the amendment, modification or waiver is sought stating that the Addendum “is to be modified,” “is to be waived,” or “is to be amended.”

(d) Counterparts. This Addendum may be executed in one or more

counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Addendum may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have the same effect as an original.

IN WITNESS WHEREOF, the parties have executed this Addendum as of the dates written below.

U.S. LAWNS, INC.

By: _____
Title: _____
Date: _____

FRANCHISEE:

Title: _____
Date: _____

*This Agreement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Schedule J to the Franchise Agreement

~~ADDITIONAL TERRITORY OPTION AGREEMENT~~

~~_____ This Additional Territory Option Agreement (“Option Agreement”) is entered into as of _____, 20__ (the “Effective Date”), by and between U.S. Lawns, Inc. (“Franchisor”), and _____ (“Franchisee”) with reference to the following facts. Capitalized terms used below and not otherwise expressly defined, will have the meaning given such term in the Franchise Agreement.~~

~~A. _____ Franchisor and Franchisee have executed a Franchise Agreement, and may have executed one or more written amendments (collectively the “Franchise Agreement”) granting Franchisee the right to operate a “U.S. Lawns” Landscape Maintenance Business (the “Franchised Business”) within the territory described in Schedule A to the Franchise Agreement (the “Territory”).~~

~~B. _____ Franchisee wishes to obtain an option to develop a Franchised Business in the following geographic area: _____ (the “Option Territory”), and Franchisor is willing to grant such Option on the terms and conditions described below (the “Option”).~~

~~AGREEMENT:~~

~~NOW, THEREFORE, in consideration of the mutual promises below, and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree as follows:~~

~~1. _____ Option. Franchisor hereby grants to Franchisee an Option, exercisable only during the Option Period (as defined in Section 3 below), to develop a Franchised Business in the Option Territory.~~

~~2. _____ Option Fee. Franchisee shall pay to Franchisor an option fee of \$5,000 upon signing this Option Agreement. Franchisee acknowledges that option fee is to be deemed fully earned by Franchisor at time of execution as consideration of Franchisor removing the Option Territory from availability to other interested parties during the Option Period.~~

~~3. _____ Option Period:~~

~~(a) _____ The term of the Option shall commence on the date hereof and shall continue until 5:00 p.m. (Florida time) on the first to occur of (i) 12 months following the Effective Date, or (ii) the day on which Franchisee shall fail to continue to meet the conditions set forth in Section 6 below, upon which the Option shall automatically, and without further notice, expire and be of no further force or effect (the “Option Period”).~~

~~(b) _____ During the Option Period, Franchisor will remove the Option Territory from availability to other interested parties.~~

4. ~~Exercise of Option.~~

~~(a) — Franchisee shall exercise the Option, if at all, in the following manner: (i) Franchisee must notify Franchisor in writing, at any time prior to the expiration of the Option Period, that Franchisee thereby exercises the Option (“Exercise Notice”); (ii) upon Franchisor’s receipt of the Exercise Notice, Franchisor will provide Franchisee a copy of its then current disclosure document (FDD), and the New Territory Agreement (defined in Section 4(b)) for the Option Territory; and (iii) no sooner than 10 business days nor more than 30 business days after Franchisee’s receipt of the FDD and New Territory Agreement, Franchisee shall execute and return to Franchisor (A) the New Territory Agreement, (B) a general release of all claims in the form we designate, releasing Franchisor and its affiliates from claims arising out of or relating to this Option Agreement, any franchise agreement you have entered into for a U.S. Lawns Business or the parties’ business relationship and (C) a certified or cashier’s check in a sum equal to the then current initial franchise fee offered to existing franchisees who are purchasing an additional territory.~~

~~(b) — The “New Territory Agreement” for the Option Territory shall be Franchisor’s then current form of franchise agreement generally being offered by Franchisor, at the time that Franchisee exercises the Option, to prospective franchisees in the state in which the Franchisee resides or the Option Territory is located.~~

~~5. Failure to Exercise Option. If Franchisee does not exercise the Option in strict accordance with the terms hereof and within the Option Period, or if Franchisee shall fail at any time to continue to satisfy the conditions set forth in Section 6, the Option shall thereupon automatically terminate and expire without notice or opportunity to cure, and Franchisor shall retain the Option Fee(s) paid by Franchisee.~~

~~6. Conditions. Franchisee’s right to exercise the Option shall be expressly conditional upon Franchisee remaining in good standing and in compliance with the terms of the Franchise Agreement, including timely payment to Franchisor all Royalties, Marketing Contributions and any other payments required under the Franchise Agreement, including those based on sales in the Option Territory at the rates specified in the Franchise Agreement.~~

7. ~~Miscellaneous.~~

~~(a) — Construction. The parties hereto have participated jointly in the negotiation and drafting of this Option Agreement. In the event an ambiguity or question of intent or interpretation arises, this Option Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Option Agreement.~~

~~(b) — Headings. The headings and subheadings contained in this Option Agreement are inserted for the convenience of the parties only and shall not affect in any way the meaning or interpretation of this Option Agreement.~~

~~(c) — Amendment and Waiver in Writing. No provision in this Option Agreement can be amended, modified or waived, except by a statement in writing signed by the party~~

against which enforcement of the amendment, modification or waiver is sought stating that the Option Agreement “is to be modified,” “is to be waived,” or “is to be amended.”

~~(d) — Dispute Resolution. The provisions of Sections 11, 13.H, 13.I, 13.J and 13.K of Franchise Agreement shall govern any dispute between the parties arising out of or relating to this Option Agreement.~~

~~(e) — Counterparts. This Option Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument. This Option Agreement may be executed by facsimile signature, e-mailed portable document format (“PDF”) signature, or original signature. Any facsimile signature or emailed PDF signature shall be deemed an original and have the same effect as an original.~~

~~IN WITNESS WHEREOF, the parties have executed this Option Agreement as of the dates written below:~~

U.S. LAWNS, INC. _____	FRANCHISEE: _____
By: _____	_____
Title: _____	Title: _____
Date: _____	Date: _____

Schedule K to the Franchise Agreement

PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE FRANCHISE AGREEMENT

In consideration of the execution of the Franchise Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Franchise Agreement, to be paid, kept and performed by the franchisee.

Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Franchise Agreement, including but not limited to the non-compete provisions in Section 9.D and the arbitration and other dispute resolution provisions in Sections 11.A-D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of this Franchise Agreement.

The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the franchisee or any other person as a condition of liability.

In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the franchisee or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by franchisee's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.

It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.

FRANCHISEE: _____

PERSONAL GUARANTORS:

Individually		

Print Name		

Address		

City	State	Zip Code
_____	_____	_____
Telephone		

Individually		

Print Name		

Address		

City	State	Zip Code
_____	_____	_____
Telephone		

**ACKNOWLEDGMENT ADDENDUM TO
U.S. LAWNS FRANCHISE AGREEMENT**

THIS ACKNOWLEDGMENT ADDENDUM DOES NOT APPLY TO CANDIDATES IF YOU ARE A CANDIDATE LOCATED IN, OR WITH A FRANCHISED BUSINESS(BUSINESS(ES)) TO BE LOCATED IN, ANY OF THE FOLLOWING FRANCHISE REGISTRATION STATES, DO NOT COMPLETE AND DO NOT SIGN THIS ACKNOWLEDGMENT ADDENDUM: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI.

As you know, you and we are entering into a Franchise Agreement for the operation of a U.S. LAWNS franchise. Please review each of the following questions carefully and provide honest responses to each question.

Acknowledgments and Representations.

1. Did you receive a copy of our Disclosure Document (and all exhibits and attachments) at least fourteen calendar days prior to signing the Franchise Agreement? Check one:
 Yes No. If no, please comment: _____

2. Have you studied and reviewed carefully the Disclosure Document and Franchise Agreement? Check one: Yes No. If no, please comment: _____

3. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one Yes No. If no, please comment: _____

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

5. Except as stated in Items 5-7 or 19 of the Disclosure Document, did any employee or other person speaking on behalf of U.S. Lawns, Inc. make any statement or promise regarding the costs involved in operating a franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document? Check one: Yes No. If yes, please comment: _____

6. Except as stated in Item 19 of the Disclosure Document, did any employee or other person speaking on behalf of U.S. Lawns, Inc. make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues,

earnings, income or profit levels at any U.S. LAWNS business, or the likelihood of success at your franchised business? Check one: Yes No. If yes, please state in detail the oral, written or visual claim or representation: _____

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

8. Do you understand that the success or failure of your U.S. LAWNS Business will depend in large part upon your skills and experience, your business acumen, your location, the local market for products under the U.S. LAWNS trademarks, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your U.S. LAWNS Business may change? Check one Yes No. If no, please comment: _____

9. Do you understand that you are bound by the non-compete covenants (both in-term and post-term) and that an injunction is an appropriate remedy to protect the interest of the U.S. LAWNS system if you violate the covenant(s)? Further, do you understand that the term “you” for purposes of the non-compete covenants is defined broadly, such that any actions in violation of the covenants by those holding any interest in the franchisee entity may result in an injunction, default and termination of the Franchise Agreement? Check one Yes No. If no, please comment: _____

10. Do you understand that any training, support, guidance or tools we provide to you as part of the franchise or for the purpose of protecting the U.S. LAWNS brand and Marks and to assist you in the operation of your business and not for the purpose of controlling or in any way intended to exercise or exert control over your decisions or day-to-day operations of your business, including your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of your employees and all other employment and employee related matters? Check one: Yes No. If no, please comment: _____

11. On the receipt pages of your Disclosure Document you identified _____
_____ as the franchise sellers involved in this franchise sales process. Are the franchise sellers identified above the only franchise sellers involved with this transaction? Check one (___) Yes (___) No. If no, please identify any additional franchise sellers involved with this transaction: _____

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

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

Signed: _____
Print Name: _____
Date: _____

Signed: _____
Print Name: _____
Date: _____

APPROVED ON BEHALF U.S. LAWN,
INC.

Signed _____
Print Name: _____
Date: _____

By: _____
Title: _____
Date: _____

* All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under any applicable law that prohibits releases, estoppels or waivers of liability under such law. Should one or more clauses of this Addendum be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Addendum shall be valid and in full force and effect.

|

EXHIBIT C

~~AREA DEVELOPMENT AGREEMENT~~

~~—TABLE OF CONTENTS—~~

~~U.S. LAWNS AREA DEVELOPMENT AGREEMENT~~

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~~APPENDICES:~~

- ~~APPENDIX A DATA SHEET~~
- ~~APPENDIX B DESCRIPTION OF DEVELOPMENT TERRITORY~~
- ~~APPENDIX C DEVELOPMENT SCHEDULE~~
- ~~APPENDIX D PERSONAL GUARANTEE~~

U.S. LAWNS AREA DEVELOPMENT AGREEMENT

~~This Area Development Agreement (the “Agreement”) is made this _____ day of _____, 20___ between U.S. Lawns, Inc. a Florida corporation with its principal business located at 6700 Forum Drive, Suite 150, Orlando, FL 32821 (“we” or “us”), and “Developer” or “you” as identified on the Data Sheet attached as Appendix A (the “Data Sheet”). If the Developer is a corporation, partnership, limited liability company or other legal entity, certain provisions to this Agreement also apply to its owners.~~

RECITALS

~~A. We have developed a unique system for opening and operating a business providing landscape maintenance services pursuant to certain standards and specifications (“U.S. LAWNS Business”);~~

~~B. We own the U.S. LAWNS service mark and other trademarks used in connection with the operation of a U.S. LAWNS Business;~~

~~C. You desire to develop and operate several U.S. LAWNS Businesses; and~~

~~D. We have agreed to grant you the right to develop several U.S. LAWNS Businesses subject to the terms and conditions of this Agreement.~~

~~In consideration of the foregoing and the mutual covenants and consideration below, you and we agree as follows:~~

SECTION 1 DEFINITIONS

~~1. For purposes of this Agreement, the terms below have the following definitions:~~

~~A. “Business” or “Businesses” means the U.S. LAWNS Franchise Businesses you develop and operate pursuant to this Agreement.~~

~~B. “Confidential Information” means any proprietary and non-public information owned by us relating to the development or operation of U.S. LAWNS Businesses whether contained in the Operations Manual or otherwise, including, but not limited to: (1) technical information and expertise; (2) data bases of potential customers; (3) sales and marketing programs and techniques for U.S. LAWNS Businesses; (4) Customer Information (as defined below); (5) knowledge of operating systems, results and financial performance of U.S. LAWNS Businesses other than U.S. LAWNS Businesses that you own; and (6) computer systems, technology and software programs.~~

~~C. “Customer Information” means contact information (including name, address, phone and fax numbers, and e-mail addresses), sales and payment history, corporate background, and all other information about (1) any person or entity included on any marketing or customer list provided by us to you, (2) any~~

~~person or entity who has purchased or purchases services from you during the term (even if you have solicited the person and/or established a relationship independent of us and without our assistance) or who you have solicited to purchase any goods and/or services, (3) any person or entity for whom you provide services on our behalf or at our direction; and (4) if customer is a corporation or limited liability company, all employees of such corporation or limited liability company.~~

~~D. —“Gross Billings” means the gross amount billed by you during any calendar month, whether or not payment is received therefore, on account of Landscape Maintenance Services performed by or on behalf of you, directly or indirectly, and on account of any and all other related goods and services sold or rendered under or in connection with your use of the Marks (including the sale of unauthorized goods and services), and including work performed for or on behalf of persons or business entities which are customers of yours as of the Effective Date. Gross Billings exclude sales taxes collected and paid to the proper authorities.~~

~~E. —“Landscape Maintenance Services” means the following specific landscape maintenance and related services: (1) lawn mowing, edging, blowing, line trimming; (2) pruning, selective pruning, shearing, weeding, raking, and tree trimming of trees up to 15 feet in height; (3) fertilization; (4) lawn, shrub and tree insect and disease control, (5) pre-emergent and post-emergent weed control; (6) lawn and ornamental consultation; (7) irrigation installation, operation, inspection, consultation, repair, remedial installation and installation relating to landscape construction; (8) sales and installation of authorized landscape products and the sale and the installation of living landscape materials such as plants, trees, and flowers; (9) lawn seeding, overseeding, aeration, thatching and grading; (10) arborist services; and (11) snow management and other snow related services authorized by us.~~

~~F. —“Marks” means the “U.S. LAWNS” service mark, and such other trademarks, service marks, logo types and commercial symbols as we may from time to time expressly authorize or direct you to use in connection with the operation of Business.~~

~~G. —“Operations Manual” or “Manual” means any collection of written, video, audio and/or software media (including materials distributed electronically), regardless of title and consisting of various subparts and separate components, all of which we or our agents produce and which contain specifications, standards, policies, procedures and recommendations for operating U.S. LAWNS Businesses, all of which we may change from time to time. The term “Operations Manual” includes all means of communicating such information, including all written, digitized, computerized, and electronically formatted versions, such as an Extranet site, bulleting, e-mails, videotapes, audio tapes, and compact discs.~~

~~H. —“Regional Account” means a customer or prospective customer who has more than one business location, which location(s) may or may not be located~~

~~in the Territory, and Property Management Companies who manage properties at more than one location, which locations may or may not be located in the Territory.~~

~~I. “Service Vehicle(s)” means and include vans, pick-up trucks, service trailers and any vehicle used by you to make sales calls on, and provide services to, customers and prospective customers of the Business, which Service Vehicle(s) must conform to the standards, specifications and policies established from time to time by us.~~

~~J. “System” means U.S. Lawn’s operating systems, methods, policies and procedures for providing Landscape Maintenance Services for commercial and residential customers, including, items of trade dress, specifications for equipment, operating and administrative procedures, management and technical training programs, landscape (including softscape and hardscape) maintenance and construction procedures and systems, all as the same may exist today or as the same may change from time to time, as specified in the Operations Manual or as otherwise reasonably directed by us from time to time.~~

~~K. “Territory” or “Territories” means each of the 3 individual areas designated Appendix B.~~

~~L. “Year” or “Years” means the period beginning on the day and month of the Effective Date and ending on the day immediately preceding each subsequent anniversary of such date.~~

SECTION 2 GRANT OF DEVELOPMENT RIGHTS

~~2. The following provisions control with respect to the license granted hereunder:~~

~~A. Rights Granted. We hereby grant to you, subject to the terms and conditions of this Agreement, the right to develop and operate a U.S. LAWNS Business identified by the Marks that we authorize for your use hereunder (or such other marks as we may direct) for the territories consisting of the area set forth in Appendix B (the “Development Territory”).~~

~~B. You are bound by the development schedule (“Development Schedule”) set forth in Appendix C. Time is of the essence for the development of each Territory / U.S. LAWNS Business in accordance with the Development Schedule. Each Territory / U.S. LAWNS Business must be developed and operated pursuant to a separate Franchise Agreement that you enter into with us pursuant to Section 4.B below.~~

~~C. If you are in compliance with the Development Schedule set forth on Appendix C, we will not develop or operate or grant anyone else a franchise to develop and operate a U.S. LAWNS Business in the Development Territory prior to the earlier of (i) the expiration or termination of this Agreement; (ii) the date on which you must execute the Franchise Agreement for your last U.S. LAWNS Business pursuant to the terms of the Development Schedule, although we are free to develop Regional Accounts as further described in Section 2.D(v) below. Notwithstanding anything in this Agreement, upon the~~

~~earliest occurrence of any of the foregoing events (i) the Development Territory will expire and (ii) we will be entitled to develop and operate, or to franchise others to develop and operate, U.S. LAWNS Businesses in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.~~

~~D. — The rights granted under this Agreement are limited to the right to develop and operate U.S. Lawns Businesses located in the Development Territory, and does not give you the right to develop or operate elsewhere or at any other location by you, except as we may authorize from time to time and under the terms and conditions set forth in the Operations Manual or otherwise in writing. If we do permit you to service clients outside the Territory, we reserve the right to require you to cease servicing those clients, and you agree to assist in transferring the service needs of those clients immediately to the entity that will continue to service those clients, all without compensation to you. You do not have the right to subfranchise, sublicense, assign or transfer your rights under this Agreement, except as specifically provided in the Franchise Agreement.~~

~~We and our affiliates may, among other things, on any terms and conditions we deem advisable, without compensation to any franchisee, and without granting you any rights therein:~~

~~(i) — Establish and/or license others to establish franchised or company owned U.S. LAWNS businesses at any location outside the Territory regardless of the proximity of such business to your Territory;~~

~~(ii) — Advertise, market, promote and provide any goods and services under trademarks, service marks, trade names and other commercial symbols other than the Marks, at any location, within or outside the Territory, and to solicit prospective customers, including Property Management Companies, for such goods and services wherever they may be located;~~

~~(iii) — Merge with, acquire or become acquired by (“Merger/Acquisition Activity”) any businesses, including competitive businesses, which businesses operate under trademarks other than the U.S. LAWNS Marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your U.S. LAWNS Business, and which may be located anywhere inside or outside the Territory; and~~

~~(iv) — Except for the limited rights granted to you in Section 2.D, sell and distribute for ourselves and/or license others to sell and distribute within and outside the Territory, products or services the same as or different from the products and services offered from your U.S. LAWNS Business, and which are offered and distributed under marks different than the Marks.~~

~~(v) — We expressly reserve the right to solicit Regional Accounts wherever located. In order to enable us to negotiate special arrangements involving Regional Accounts, including responding to requests for proposals (“RFP”) involving locations which may or may not be located in the Territory, upon our request, you must promptly evaluate the applicable Regional Account location(s) located within the Territory and prepare a bid package for each such location in accordance with such formats, procedures and specifications as we may establish, including any supplemental or modified bid package which we may require in order to satisfy the requirements of the Regional Account (each a “Bid Package”). If we accept the Bid Package, you must honor the proposal and execute such agreements and other documents and instruments as we and the Regional Account may require to fulfill the agreed upon contract terms (“Regional Account Agreement”). We will afford you the first opportunity to submit a Bid Package on each proposed Regional Account location which is within your Territory and to perform Landscape Maintenance Services to Regional Account locations located in the Territory; provided, however, that we may, as applicable, submit Bid Packages and perform such Landscape Maintenance Services ourselves or cause other franchisees or contractors to do so, if: (a) you fail to timely submit a Bid Package in accordance with our request; (b) we reject your Bid Package or if the Regional Account notifies you or us that it does not wish to be served by you; (c) you for any reason fail or refuse to perform in accordance with the Bid Package and Regional Account Agreement; (d) you are, at the time of the issuance of the RFP or submission of the Bid Package, in default of your obligations or under any other agreement with us, or under any other Regional Account Agreement to which you are a party; or (e) you are, in our judgment, exercised in good faith, not qualified, equipped or otherwise capable to satisfy the RFP or Regional Account Agreement requirements or to perform the services as required. You acknowledge and agree that we or our affiliate may charge a management fee to offset the sales and administrative expenses of processing and managing Regional Accounts. The amount of the management fee varies from customer to customer based upon a number of factors including: i) the direct cost of administrative and management oversight provided; ii) the associated overhead cost such as payment terms (financing) and risk management (insurance); and iii) the profit margin.~~

~~We may, but are not obligated to, compensate you for Landscape Maintenance Services performed by us, our affiliate or another franchisee or contractor for Regional Account locations which are located within your Territory in such amounts (if any) as we determine.~~

~~In addition to the Regional Accounts program, as it may be modified from time to time, an affiliate of ours may offer you subcontract work in accordance with its then current procedures for servicing Centrally Managed Accounts. For purposes of this Agreement, the term “Centrally Managed Accounts” refers to customer accounts for multi site,~~

~~geographically dispersed real estate portfolios utilizing a network of subcontractors to perform the services. Our affiliates are not obligated to provide you with any subcontract work and may offer such work to your competitors.~~

SECTION 3 DEVELOPMENT FEE

~~3. You must pay a Development Fee as described below:~~

~~A. As consideration for the rights granted in this Agreement, you must pay us a “Development Fee” in the amount designated on the Data Sheet, representing fifty percent (50%) of the current Initial Franchise Fee for existing franchisees of \$24,500 for each Territory/U.S. Lawns Business to be developed under this Agreement (i.e. \$12,250 per Territory).~~

~~The Development Fee is consideration for this Agreement and not consideration for any Franchise Agreement, is fully earned by us upon receipt and, except as may be noted in the franchise agreement associated with that portion of the Development Fee, is nonrefundable. The part of the Initial Franchise Fee that is included in the Development Fee is credited against the then current Initial Franchise Fee for existing owners as outlined in the then current Franchise Agreement, payable upon the signing of each individual Franchise Agreement. The balance of the Initial Franchise Fee for each subsequent Territory is due as specified in Section 3.B.~~

~~B. You must submit a separate application for each Territory/U.S. Lawns Business to be established by you within the Development Territory as further described in Section 4. Upon our consent, a separate Franchise Agreement must be executed for each Territory/U.S. Lawns Business, at which time the balance of the Initial Franchise Fee for that Territory/U.S. Lawns Business is due and owing. Such payment represents the balance of the appropriate Initial Franchise Fee, as described above in Section 3.A. Upon the execution of each Franchise Agreement, the terms and conditions of the Franchise Agreement control the establishment and operation of such Territory/U.S. Lawns Business.~~

SECTION 4 DEVELOPMENT SCHEDULE

~~4. The following provisions control with respect to your development rights and obligations:~~

~~A. You are bound by and strictly must follow the Development Schedule. By the dates set forth under the Development Schedule, you must enter into Franchise Agreements with us pursuant to this Agreement for the number of Territories/U.S. Lawns Businesses described under the Development Schedule. You also must comply with the Development Schedule requirements regarding (i) the opening date for each Territory/U.S. Lawns Business and (ii) the cumulative number of Territories/U.S. Lawns Businesses to be open and continuously operating for business in the Development Territory. If you fail to either execute a Franchise Agreement or to open a Territory/U.S. Lawns Business according to the dates set forth in this Agreement, we have the right to immediately terminate this Agreement pursuant to Section 7.B.~~

~~B. You may not develop a Territory/U.S. Lawns Business unless (i) at least 45 days, but no more than 60 days, prior to the date set forth in the Development Schedule for the execution of each Franchise Agreement, you send us a notice (a) requiring that we send you our then current franchise disclosure document, (b) confirming your intention to develop the particular Territory/U.S. Lawns Business and (c) sending us all information necessary to complete the Franchise Agreement for the particular Territory/U.S. Lawns Business, and (ii) all of the following conditions have been met (these conditions apply to each Territory/U.S. Lawns Business to be developed in the Development Territory):~~

~~1. Minimum Performance Standards in Existing Territories/U.S. Lawns Businesses. Each existing Territory/U.S. Lawns Business you are operating must meet a minimum annual Gross Billings of \$200,000 in the prior 12 month period.~~

~~2. Your Submission of Information. You must furnish to us, at least 30 days prior to the earliest of (i) the date set forth in the Development Schedule by which you must execute a Franchise Agreement or (ii) the actual date in which the Franchise Agreement would be executed, a franchise application for the proposed Territory/U.S. Lawns Business, financial statements and other information regarding you, the operation of any of your other Territories/U.S. Lawns Businesses and the development and operation of the proposed Territory/U.S. Lawns Business (including, without limitation, investment and financing plans for the proposed Territory/U.S. Lawns Business) as we may reasonably require.~~

~~3. Facilities. Before commencing operation of the U.S. Lawns Business you must have: i) a centrally located storage or warehouse facility in the Territory, ii) an office, the location of which is subject to our reasonable approval, iii) all designated equipment, supplies and uniforms for the operation of the U.S. Lawns Business, and iv) at least one Service Vehicle identified and equipped in accordance with our standards and specifications.~~

~~4. Your Compliance with Our Then Current Standards for Franchisees. You must receive written confirmation from us that you meet our then current standards for franchisees, including financial capability criteria for the development of a new Territory/U.S. Lawns Business. You acknowledge and agree that this requirement is necessary to ensure the proper development and operation of your Territories/U.S. Lawns Businesses, and preserve and enhance the reputation and goodwill of all U.S. Lawns Businesses and the goodwill of the Trademarks. Our confirmation that you meet our then current standards for the development of a new Territory/U.S. Lawns Business, however, does not in any way constitute a guaranty by us as to your success.~~

~~5. Good Standing. You must not be in default of this Agreement, any Franchise Agreement entered into pursuant to this Agreement or any other agreement between you or any of your affiliates and us or any of our affiliates. You also must have satisfied on a timely basis all monetary and material obligations under the Franchise Agreements for all existing Territories/U.S. Lawns Businesses.~~

~~6. — Execution of Franchise Agreement. You and we must enter into our then current form of Franchise Agreement for the proposed Territory/U.S. Lawns Business. You understand that we may modify the then current form of Franchise Agreement from time to time and that it may be different than the current form of Franchise Agreement, including different fees and obligations. You understand and agree that any and all Franchise Agreements will be construed and exist independently of this Agreement. The continued existence of each Franchise Agreement will be determined by the terms and conditions of such Franchise Agreement. Except as specifically set forth in this Agreement, the establishment and operation of each Territory/U.S. Lawns Business must be in accordance with the terms of the applicable Franchise Agreement.~~

~~You recognize and acknowledge that this Agreement requires you to open Territories/U.S. Lawns Businesses in the future pursuant to the Development Schedule. You further acknowledge that the estimated expenses and investment requirements set forth in Items 6 and 7 of our Franchise Disclosure Document are subject to increase over time, and that future Territory/U.S. Lawns Business likely will involve greater initial investment and operating capital requirements than those stated in the Franchise Disclosure Document provided to you prior to the execution of this Agreement. You are obligated to execute all the Franchise Agreements and open all Territories/U.S. Lawns Businesses on the dates set forth on the Development Schedule, regardless of (i) the requirement of a greater investment, (ii) the financial condition or performance of your prior Territories/U.S. Lawns Businesses, or (iii) any other circumstances, financial or otherwise. The foregoing will not be interpreted as imposing any obligation upon us to execute the Franchise Agreements under this Agreement if you have not complied with each and every condition necessary to develop the Territories/U.S. Lawns Businesses.~~

SECTION 5 TERM

~~5. — Unless sooner terminated in accordance with Section 7 of this Agreement and subject to the terms detailed in Section 2.C, the term of this Agreement and all rights granted to you will expire on the date that your last Territory/U.S. Lawns Business is scheduled to be opened under the Development Schedule.~~

SECTION 6 YOUR DUTIES

~~6. — You must perform the following obligations:~~

~~A. — You must comply with all of the terms and conditions of each Franchise Agreement, including but not limited to the product and operations standards, personnel and supervision standards, marketing standards, fees and reporting requirements, and insurance requirements specified in each Franchise Agreement.~~

~~B. — You and your owners, officers, directors, shareholders, partners, members and managers (if any) acknowledge that your entire knowledge of the operation of an U.S. Lawns Business and the System, including the knowledge or know how regarding the specifications, standards and operating procedures of the services and activities, is derived~~

~~from information we disclose and is considered Confidential Information. You may not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person or entity any Confidential Information, except to such employees as must have access to it in order to operate the U.S. LAWNS Business. Any and all Confidential Information, including, without limitation, methods, procedures, suggested pricing, specifications, processes, materials, techniques and other data, may not be used for any purpose other than operating the U.S. LAWNS Business. We may require that you obtain nondisclosure and confidentiality agreements in a form satisfactory to us from any persons owning a minority interest in the franchisee, your manager and other key employees. You must provide executed copies of these agreements to us upon our request.~~

~~C. You must at all times maintain and conduct your U.S. LAWNS Business operations in compliance with all applicable laws, regulations, codes and ordinances. You must secure and maintain in force all required licenses, permits and certificates relating to your U.S. LAWNS Business.~~

~~You acknowledge that you are an independent business and responsible for control and management of your U.S. LAWNS Business, including, but not limited to, the hiring and discharging of your employees and setting and paying wages and benefits of your employees. You acknowledge that we have no power, responsibility or liability in respect to the hiring, discharging, setting and paying of wages or related matters.~~

~~D. You agree that you will receive valuable training and Confidential Information that you otherwise would not receive or have access to but for the rights licensed to you under this Agreement. You therefore agree to the following noncompetition covenants:~~

~~1. Unless otherwise specified, the term “you” as used in this subparagraph includes, collectively and individually, all guarantors, officers, directors, members, managers, partners, as the case may be, and holders of any ownership interest in you. We may require you to obtain from your manager and other individuals identified in the preceding sentence a signed non-compete agreement in a form satisfactory to us that contains the non-compete provisions of this subparagraph.~~

~~2. You covenant that during the term of this Agreement, you will not, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in any Competitive Business (as defined below) in any Territory listed on Appendix C other than one authorized by this Agreement or any other agreement between us and you. For purposes of this Section 6.D, a “Competitive Business” is any business which provides Landscape Maintenance Services.~~

~~3. You covenant that you will not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for yourself, or through, on behalf of, or in conjunction~~

~~with any person or entity, own, manage, operate, maintain, engage in, consult with or have any interest in a Competitive Business (as defined below): (x) in any Territory listed on Appendix C, (y) within a 50-mile radius of the outer boundary of any Territory listed on Appendix C; or (z) inside the protected territory of another U.S. Lawns business, whether franchised or owned by us or our affiliates.~~

~~4. You agree that the length of time in subparts (2) and (3) will be tolled for any period during which you are in breach of the covenants or any other period during which we seek to enforce this Agreement. The parties agree that each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.~~

SECTION 7 DEFAULT AND TERMINATION

~~7. The following provisions apply with respect to default and termination:~~

~~A. The rights and territorial protection granted to you in this Agreement have been granted in reliance on your representations and warranties, and strictly on the conditions set forth in Sections 2, 4 and 6 of this Agreement, including the condition that you comply strictly with the Development Schedule.~~

~~B. You will be deemed in default under this Agreement if you breach any of the terms of this Agreement, including the failure to meet the Development Schedule, or the terms of any Franchise Agreement or any other agreements between you or your affiliates and us or our affiliates. All rights granted in this Agreement immediately terminate upon written notice without opportunity to cure if: (i) you become insolvent, commit any affirmative action of insolvency or file any action or petition of insolvency; (ii) a receiver (permanent or temporary) of your property is appointed by a court of competent authority; (iii) you make a general assignment or other similar arrangement for the benefit of your creditors; (iv) a final judgment remains unsatisfied of record for 30 days or longer (unless supersedeas bond is filed); (v) execution is levied against your business or property; (vi) suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within 30 days, or is not in the process of being dismissed; (vii) you fail to meet the development obligations set forth in the Development Schedule attached as Appendix C; (viii) you violate the provisions of Section 6.B; (ix) you fail to comply with any other provision of this Agreement and do not correct the failure within 30 days after written notice of that failure is delivered to you; or (x) we have delivered to you a notice of termination of a Franchise Agreement in accordance with its terms and conditions.~~

SECTION 8 RIGHTS AND DUTIES OF PARTIES UPON TERMINATION OR EXPIRATION

~~8. Upon termination or expiration of this Agreement, all rights granted to you will automatically terminate, and:~~

~~A. All remaining rights granted to you to develop U.S. Lawns Businesses under this Agreement will automatically be revoked and will be null and void. You will not be entitled to any refund of any fees. You will have no right to develop or operate any~~

~~business for which a Franchise Agreement has not been executed by us. We will be entitled to develop and operate, or to franchise others to develop and operate, U.S. Lawns Businesses in the Development Territory, except as may be otherwise provided under any Franchise Agreement that has been executed between us and you and that has not been terminated.~~

~~B.——You must immediately cease to operate your business under this Agreement and must not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former developer of ours except in connection with the business operations of any existing U.S. Lawns Businesses that have been developed prior to the termination of this Agreement and that are still operating under a valid Franchise Agreement.~~

~~C.——All of your rights to the use of the Trademarks and all other rights and licenses granted herein and the right and license to conduct business under the Marks will revert to us without further act or deed of any party. All of your right, title and interest in, to and under this Agreement will become our property. You must cease all use and display of the Marks and of any proprietary material (including the Operations Manual) and of all or any portion of point-of-sale materials furnished or approved by us, assign all right, title and interest in the telephone numbers for the U.S. Lawns Business and cancel or assign, at our option, any assumed name rights or equivalent registrations filed with authorities, except in connection with the business operations of any existing U.S. Lawns Businesses that have been developed prior to the termination of this Agreement and that are still operating under a valid Franchise Agreement.~~

~~D.——You must assign to us or our designee all your right, title, and interest in and to your telephone numbers and must notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number in any regular, classified or other telephone directory listing associated with the Trademarks and to authorize transfer of same at our direction.~~

~~E.——You must within 30 days of the termination or expiration pay all sums owing to us and our affiliates.~~

~~All unpaid amounts will bear interest at the rate of 18% per annum or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual. In the event of termination for any default by you, the sums due will include all damages, costs, and expenses, including reasonable attorneys' fees and expenses, incurred by us as a result of the default. You also must pay to us all damages, costs and expenses, including reasonable attorneys' fees and expenses that we incur subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement.~~

~~F.——If this Agreement is terminated you may continue to operate any U.S. Lawns Businesses open and operating at the time of the termination, unless the termination of this Agreement constitutes a termination under the terms of the separate Franchise Agreement for each Territory/U.S. Lawns Business. Under such circumstances, we have the right to purchase or designate a third party that will purchase all or any portion of the~~

~~assets of your U.S. Lawns Business that are owned by you or any of your affiliates including, without limitation, the equipment, fixtures, inventory, supplies, and customer agreements (“Accounts”) of your U.S. Lawns Business. We have the right to select the assets of the Business we desire to purchase, including, without limitation, any individual Account. The purchase price for any Account to be purchased by us shall be an amount equal to the Average Monthly Revenue (as defined below) derived by you from such Account for ordinary Landscape Maintenance Services, which were reported to us during the 12 months immediately prior to the purchase. “Average Monthly Revenue” means the monthly average of all normal revenue (excluding extras and extraordinary services) derived from the Account for ordinary Landscape Maintenance Services during such 12 month period. The purchase price for inventory and supplies to be purchased shall be the lesser of cost or market value, and the purchase price for equipment to be purchased shall be mutually agreed upon by the parties. If the parties are unable to agree on the market value of any inventory or supplies or the purchase price of any equipment, we shall have the right to appoint an independent appraiser whose decision shall be final and whose fee shall be shared equally by the parties. Notwithstanding anything to the contrary in this Agreement, we have the right to set off against and reduce the purchase price by any and all amounts owed by you to us or our affiliates~~

~~G. — You and your Principal Owners and guarantors may not assert any claim or cause of action against us or our affiliates relating to this Agreement or your U.S. Lawns Business after the shorter period of the applicable statute of limitations or one year following the effective date of termination of this Agreement; provided that where the one-year limitation of time is prohibited or invalid by or under any applicable law, then and in that event no suit or action may be commenced or maintained unless commenced within the applicable statute of limitations.~~

~~H. — All of our and your obligations that expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied or by their nature expire.~~

SECTION 9 TRANSFER

~~9. — The following provisions govern any transfer:~~

~~A. — We have the right to transfer all or any part of our rights or obligations under this Agreement to any person or legal entity.~~

~~B. — This Agreement is entered into by us with specific reliance upon your personal experience, skills and managerial and financial qualifications. Consequently, this Agreement, and your rights and obligations under it, are and will remain personal to you. You may only Transfer your rights and interests under this Agreement if you obtain our prior written consent and you transfer your rights and interests under the relevant Franchise Agreements for Franchised Businesses in the Development Territory as dictated by the circumstances. In this event, the transferee will be required, as a condition of approval of the transfer, to assume transferor’s development obligations, including the payment of any~~

~~remaining initial franchise fees. Accordingly, the assignment terms and conditions of the Franchise Agreements will apply to any Transfer of your rights and interests under this Agreement. As used in this Agreement, the term "Transfer" means any sale, assignment, gift, pledge, mortgage or any other encumbrance, transfer by bankruptcy, transfer by judicial order, merger, consolidation, share exchange, transfer by operation of law or otherwise, whether direct or indirect, voluntary or involuntary, of this Agreement or any interest in it, or any rights or obligations arising under it, or of any material portion of your assets, or of any interest in you.~~

SECTION 10 DISPUTE RESOLUTION

~~10. The following provisions apply with respect to dispute resolution:~~

~~A. Mediation. Before any party may bring an action in court or against the other (except any action for declaratory and/or equitable relief and as noted in Section 10.C below), or commence an arbitration proceeding (except as noted in Section 10.C below), the parties must first meet to mediate the dispute. If you refuse to participate in mediation or do not respond to our request for mediation within 10 days after we give you written notice of our request to mediate, we may proceed to file an arbitration claim in accordance with Section 10.B or an action for declaratory and/or equitable relief as noted in Section 10.C below. The mediation will be held in person in the city in which our headquarters are located at the time of the mediation. Any such mediation shall be non-binding and shall be conducted informally between the parties for a minimum of two (2) consecutive eight (8) hour days in order to attempt to amicably resolve the dispute. If such informal dispute resolution efforts prove to be unsuccessful, the notifying party may initiate arbitration proceedings pursuant to Section 10.B below. Each party will bear its own costs and expenses for the mediation and split equally the costs of the mediator.~~

~~B. Arbitration. Except as qualified below, any dispute between you and us or any of our or your affiliates arising under, out of, in connection with or in relation to this Agreement, the parties' relationship, or your U.S. LAWNS Business must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. In the event a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then the parties shall submit such class action or joined or consolidated claims, as applicable, to binding arbitration in accordance with this remaining provisions of this Section 10. The arbitration must take place in the city where our headquarters is located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator must have at least five years of significant experience in franchise law. Any issue regarding arbitrability of a claim or the enforcement of this arbitration provision~~

~~will be governed by the Federal Arbitration Act and the federal common law of arbitration. A judgment may be entered upon the arbitration award by any state or federal court in the state where we maintain our headquarters or the state where your U.S. LAWNS Business is located. The decision of the arbitrator will be final and binding on all parties to the dispute; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; (2) assess punitive or exemplary damages; or (3) make any award which extends, modifies or suspends any lawful term of this Agreement or any reasonable standard of business performance that we set. Each party will bear its own costs and expenses for the arbitration and will be responsible to pay 50% of the arbitrator's fees and costs (including arbitrator's and AAA's fees and costs); provided that the prevailing party will be entitled to reimbursement of its fees and costs under Section 11.D.~~

~~This agreement to arbitrate applies to you as well as to (1) all guarantors of your obligations under this Agreement, (2) if Franchisee is a legal entity, all owners, officers or principal owners of Franchisee, (3) all others who claim any rights or benefits based upon or relating to the franchise relationship or who make any claim or assert any defense based upon or relating to this Agreement, the relationship between the parties to this Agreement or otherwise relating or arising out of this Agreement.~~

~~C. Exceptions to Arbitration. Notwithstanding Section 10.B, the parties agree that the following claims will not be subject to mediation or arbitration:~~

~~1. any action by us for temporary, preliminary or permanent injunctive relief, specific performance, writ of attachment, or other equitable relief necessary to enjoin any harm or threat of harm to our tangible or intangible property, including trademarks, service marks and other intellectual property, brought at any time, including, without limitation, prior to or during the pendency of any mediation or arbitration proceedings initiated hereunder. You specifically acknowledge that your breach or threatened breach of any of your obligations under this Agreement would cause us irreparable harm. You understand that irreparable harm is an injury for which monetary damages are not an adequate remedy. Therefore, upon any such breach or threatened breach by you, in addition to any other rights or remedies that may be available to us at law, equity or otherwise, you acknowledge that we will be entitled to equitable relief, including an injunction, restraining order or specific performance, without any requirement to prove irreparable harm. In addition, you hereby waive any right to request that a bond be issued as security (except for a nominal bond not to exceed \$100);~~

~~2. any action in ejectment or for possession of any interest in real or personal property; or~~

3. ~~any action related solely to the collection of moneys owed to us or our affiliates.~~

D. ~~Attorneys' Fees.~~ The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement, or the business will be entitled to recover its reasonable attorneys' fees and costs (including arbitrator's and AAA fees and costs).

SECTION 11 MISCELLANEOUS

11. ~~The parties agree to the following provisions:~~

A. ~~Indemnification.~~ Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

B. ~~Severability.~~ Should one or more clauses of this Agreement be held void or unenforceable for any reason by any court of competent jurisdiction, such clause or clauses will be deemed to be separable in such jurisdiction and the remainder of this Agreement is valid and in full force and effect and the terms of this Agreement must be equitably adjusted so as to compensate the appropriate party for any consideration lost because of the elimination of such clause or clauses. It is the intent and expectation of each of the parties that each provision of this Agreement will be honored, carried out and enforced as written. Consequently, each of the parties agrees that any provision of this Agreement sought to be enforced in any proceeding must, at the election of the party seeking enforcement and notwithstanding the availability of an adequate remedy at law, be enforced by specific performance or any other equitable remedy.

C. ~~Waiver/Integration.~~ No waiver by us of any breach by you, nor any delay or failure by us to enforce any provision of this Agreement, may be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights with respect to that or any other or subsequent breach. Subject to our rights to modify the Operations Manual and/or standards and as otherwise provided herein, this Agreement may not be waived, altered or rescinded, in whole or in part, except by a writing signed by you and us. This Agreement together with the addenda and appendices hereto and any application form or similar document executed by you requesting us to enter into this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the

~~Disclosure Document we furnished to you.~~

~~D. — Notices. Except as otherwise provided in this Agreement, any notice, demand or communication provided for herein must be in writing and signed by the party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such notice is a notice of default or of termination, by registered or certified mail, and addressed as follows:~~

~~1. — If intended for us, addressed to U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, FL 32821, Facsimile (407) 246-1623;~~

~~2. — If intended for you, addressed to you at the address set forth on the Data Sheet; or, in either case, to such other address as may have been designated by notice to the other party. Notices for purposes of this Agreement will be deemed to have been received if mailed or delivered as provided in this subparagraph.~~

~~E. — Authority. Any modification, consent, approval, authorization or waiver granted hereunder required to be effective by signature will be valid only if in writing executed by you or, if on behalf of us, in writing executed by our President or one of our authorized Vice Presidents.~~

~~F. — References. If the franchisee is two or more individuals, the individuals are jointly and severally liable, and references to you in this Agreement includes all of the individuals. Headings and captions contained herein are for convenience of reference and may not be taken into account in construing or interpreting this Agreement.~~

~~G. — Guarantee. All persons having a 5% or more ownership interest in a franchisee that is a corporation, partnership, limited liability company or partnership or other legal entity must execute the form of undertaking and guarantee at the end of this Agreement. Any person or entity that at any time after the date of this Agreement becomes an owner must execute the form of undertaking and guarantee at the end of this Agreement.~~

~~H. — Successors/Assigns. Subject to the terms of Paragraph 10 hereof, this Agreement is binding upon and inures to the benefit of the administrators, executors, heirs, successors and assigns of the parties.~~

~~I. — Interpretation of Rights and Obligations. The following provisions apply to and govern the interpretation of this Agreement, the parties' rights under this Agreement, and the relationship between the parties:~~

~~1. — Applicable Law and Waiver. Subject to our rights under federal trademark laws, the parties' rights under this Agreement, and the relationship between the parties is governed by, and will be interpreted in accordance with, the laws (statutory and otherwise) of the state of Florida.~~

~~2. — Our Rights. Whenever this Agreement provides that we have a certain right, that right is absolute and the parties intend that our exercise of that right will not be subject to any limitation or review. We have the right to operate,~~

administrate, develop, and change the System in any manner that is not specifically precluded by the provisions of this Agreement, although this right does not modify the express limitations set forth in this Agreement.

~~3. — Our Reasonable Business Judgment. — Whenever we reserve discretion in a particular area or where we agree to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise Reasonable Business Judgment in making our decision or exercising our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes our financial or other individual interest. Examples of items that will promote or benefit the System include, without limitation, enhancing the value of the Trademarks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System.~~

~~J. — Venue. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement or the relationship of the parties that is not subject to arbitration under Section 12, must be brought in the state or federal district court located in the county or district encompassing our headquarters. Both parties hereto irrevocably submit themselves to, and consent to, the jurisdiction of said courts. The provisions of this subparagraph will survive the termination of this Agreement. You are aware of the business purposes and needs underlying the language of this subparagraph, and with a complete understanding thereof, agree to be bound in the manner set forth.~~

~~K. — Jury Waiver. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, and in connection with allegations of state or federal statutory violations, fraud, misrepresentation or similar causes of action or any legal action initiated for the recovery of damages for breach of this Agreement.~~

~~L. — Waiver of Punitive Damages. You and us and our affiliates agree to waive, to the fullest extent permitted by law, the right to or claim for any punitive or exemplary damages against the other and agree that in the event of any dispute between them, each will be limited to the recovery of actual damages sustained.~~

~~M. — Relationship of the Parties. You and we are independent contractors. Neither party is the agent, legal representative, partner, subsidiary, joint venturer or employee of the other. Neither party may obligate the other or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence.~~

~~N. — Force Majeure. In the event of any failure of performance of this Agreement according to its terms by any party the same will not be deemed a breach of this Agreement if it arose from a cause beyond the control of and without the negligence~~

of said party. Such causes include, but are not limited to, strikes, wars, riots and acts of government except as may be specifically provided for elsewhere in this Agreement.

~~O. — Adaptations and Variances. Complete and detailed uniformity under many varying conditions may not always be possible, practical, or in the best interest of the System. Accordingly, we have the right to vary the standards, specifications, and requirements for any franchised business or franchisee based upon the customs or circumstances of a particular franchise or operating agreement, site or location, population density, business potential, trade area population, existing business practice, competitive circumstance or any other condition that we deem to be of importance to the operation of such business, franchisee's business or the System. We are not required to grant to you a like or other variation as a result of any variation from standard inventory items, specifications or requirements granted to any other franchisee. You acknowledge that you are aware that our other franchisees operate under a number of different forms of agreement that were entered into at different times and that, consequently, the obligations and rights of the parties to other agreements may differ materially in certain instances from your rights and obligations under this Agreement.~~

~~P. — Notice of Potential Profit. We and/or our affiliates may from time to time make available to you goods, products and/or services for use in your U.S. Lawns Business on the sale of which we and/or our affiliates may make a profit. Further, we and/or our affiliates may from time to time receive consideration from suppliers and/or manufacturers in respect to sales of goods, products or services to you or in consideration of services rendered or rights licensed to such persons. You agree that we and/or our affiliates are entitled to said profits and/or consideration.~~

~~Q. — Effective Date. We will designate the "Effective Date" of this Agreement in the space provided on the Data Sheet. If no Effective Date is designated on the Data Sheet, the Effective Date is the date when we sign this Agreement. However, you do not have the right to, and may not, commence operation of a U.S. Lawns Business until we notify you that you have satisfied all of the pre opening conditions set forth in this Agreement.~~

~~IN WITNESS WHEREOF~~, the parties have executed this Area Development Agreement as of the date first written above.

~~DEVELOPER~~

~~FRANCHISOR~~

~~(For an Entity list state and type of Entity)~~

~~U.S. Lawns, Inc., a Florida Corporation~~

~~Signature: _____~~

~~Signature: _____~~

~~Name: _____~~

~~Name: Kenneth L. Hutcheson~~

~~Title: _____~~

~~Title: President~~

APPENDIX A TO AREA DEVELOPMENT AGREEMENT

Data Sheet

1. Developer: _____

2. Development Fee. The amount of the Development Fee you must pay to us pursuant to Section 3.A is \$[_____].

3. Owners. You represent and warrant to us that the following persons are the only owners of Developer:

Name	Home Address	Percentage of Ownership

The foregoing owners will be devoting their full time to the U.S. Lawns Business:

4. Territory. As stated in Section 2 of the Franchise Agreement, and subject to the terms and conditions of the Franchise Agreement, the Territory under this Agreement is as follows:

5. Effective Date: _____

DEVELOPER: _____ FRANCHISOR: _____
U.S. Lawns, Inc., a Florida Corporation

By: _____ By: _____
Kenneth L. Hutcheson

Title: _____ Title: President

APPENDIX B TO AREA DEVELOPMENT AGREEMENT

DESCRIPTION OF DEVELOPMENT TERRITORY

DEVELOPER: _____ FRANCHISOR

_____ U.S. Lawns, Inc., a Florida Corporation

By: _____ By: _____

_____ Kenneth L. Hutcheson

Title: _____ Title: _____

By: _____

Title: _____

APPENDIX C TO AREA DEVELOPMENT AGREEMENT

DEVELOPMENT SCHEDULE

You acknowledge and agree that a material provision of the Area Development Agreement is that the following number of TERRITORIES/U.S. LAWNS BUSINESSES must be opened and continuously operating in the Development Territory in accordance with the following Development Schedule:

Territory	Date by Which Franchise Agreement Must be Signed	Date by Which the Territory Must be Opened and Continuously Operating for Business in the Territory	Cumulative number of Territories/U.S. Lawns Businesses Required to be Open and Continuously Operating for Business in the Development Territory as of the Date in Preceding Column
			1
			2
			3
			4

For purposes of determining compliance with the above Development Schedule, only the Territories/U.S. Lawns Businesses actually open and continuously operating for business in the Development Territory as of a given date will be counted toward the number of Territories/U.S. Lawns Businesses required to be open and continuously operating for business.

DEVELOPER: _____ FRANCHISOR

_____ U.S. Lawns, Inc., a Florida Corporation

By: _____ By: _____

_____ Kenneth L. Hutcheson
Title: _____ Title: _____

By: _____

_____ Title: _____

APPENDIX D TO AREA DEVELOPMENT AGREEMENT

**PERSONAL GUARANTEE AND AGREEMENT TO BE BOUND
PERSONALLY BY THE TERMS AND CONDITIONS
OF THE AREA DEVELOPMENT AGREEMENT**

~~In consideration of the execution of the Area Development Agreement by us, and for other good and valuable consideration, the undersigned, for themselves, their heirs, successors, and assigns, do jointly, individually and severally hereby become surety and guarantor for the payment of all amounts and the performance of the covenants, terms and conditions in the Area Development Agreement, to be paid, kept and performed by the developer.~~

~~Further, the undersigned, individually and jointly, hereby agree to be personally bound by each and every condition and term contained in the Area Development Agreement, including but not limited to the non-compete provisions in Section 6.D and the arbitration and other dispute resolution provisions in Sections 9.A-D, and agree that this Personal Guarantee will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of this Area Development Agreement.~~

~~The undersigned waives: (1) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (2) protest and notice of default to any party respecting the indebtedness or nonperformance of any obligations hereby guaranteed; and (3) any right he/she may have to require that an action be brought against the developer or any other person as a condition of liability.~~

~~In addition, the undersigned consents and agrees that: (1) the undersigned's liability will not be contingent or conditioned upon our pursuit of any remedies against the developer or any other person; and (2) such liability will not be diminished, relieved or otherwise affected by developer's insolvency, bankruptcy or reorganization, the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement, or the amendment or extension of the Franchise Agreement with or without notice to the undersigned.~~

~~It is further understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee will inure to the benefit of our successors and assigns.~~

~~DEVELOPER: _____~~

~~PERSONAL GUARANTORS:~~

Individually			Individually		
Print Name			Print Name		
Address			Address		
City	State	Zip Code	City	State	Zip Code

Telephone

Telephone

~~EXHIBIT D~~

LIST OF CURRENT AND FORMER
FRANCHISE OWNERS

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

Current ~~Standard~~ Franchisees as of ~~9/30/2023~~12/31/2024

ALABAMA

USL Anniston

Tony & Carmen Diaz

Jacksonville, AL 36265

Tel: 256-435-2792

USL Birmingham East

~~James Schaffer~~Tony & Carmen

Diaz

~~Madison~~Jacksonville, AL

~~3575836265~~

Tel: 256-~~772-7312~~435-2792

USL Birmingham West

~~James Schaffer~~Tony & Carmen

Diaz

~~Madison~~Jacksonville, AL

~~3575836265~~

Tel: 256-~~772-7312~~435-2792

USL Madison

James Schaffer

Madison, AL 35758

Tel: 256-772-7312

USL Mobile

Barrett & Lisa McKnight

Mobile, AL 36608

~~Te~~lPh: 601-392-9532

USL Montgomery East

Jason Garrard

Montgomery, AL 36109

Tel: 334-403-0917

USL Tuscaloosa

Patsy Gay

Northport, AL 35401

Tel: 205-333-1171

ARIZONA

USL Chandler

Jack Hallenbeck

Christopher Hallenbeck

Phoenix, AZ 85040

Tel: 602-768-5296

USL Phoenix Central

Jack Hallenbeck

Christopher Hallenbeck

Phoenix, AZ 85040

Tel: 602-768-5296

USL Scottsdale

Jack Hallenbeck

Christopher Hallenbeck

Phoenix, AZ 85040

Tel: 602-768-5296

ARKANSAS

USL Arkansas Northeast

Hayden ~~Stern~~

~~Stem~~Trip Crawford

~~Trip Crawford~~Jonesboro, AR

~~72404~~

Jonesboro, AR 72404~~Tel: 870-530-~~

~~2469~~

USL Arkansas Northwest

Bennett Harrell

Lowell, AR 72745

Tel: 888-862-5296

USL Hot Springs

Jason and Jennifer Blankenship

Hot Springs, AR 71913

Tel: 501-620-9935

USL Little Rock North

Jason and Jennifer Blankenship

Hot Springs, AR 71913

Tel: 501-620-9935

Tel: 870-530-2469

USL Little Rock South

Jason and Jennifer Blankenship
Hot Springs, AR 71913
Tel: 501-620-9935

USL Texarkana

Dwight Mowery
Texarkana, AR 71854
Tel: 903-306-0549

CALIFORNIA

USL Elk Grove

Owen Smith
Rancho Cordova, CA 95742
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Tel: 713-823-8537

USL San Antonio South

Sergio ~~Ramirez~~Ramirez & Orangel Yanez

San Antonio, TX 78248
Tel: 210-324-4862

USL Waco

Chris Kelly
Waco, TX 76710
Tel: 254-251-3099

UTAH

USL Ogden

Jeremy Vincent
~~Nampa, ID 83651~~Farr West, UT
84404
Tel: 208-~~463-4317~~880-3235

USL Salt Lake City South

Jeremy Vincent

Nampa, ID 83651
Tel: 208-463-4317

USL Utah County

Jeremy Vincent

Nampa, ID 83651
Tel: 208-463-4317

VIRGINIA

USL Alexandria

Daniel Rivera

Woodbridge, VA 22193

Tel: 703-498-7544

USL Dulles

Jeff Dajani

Ashburn, VA 20147

Tel: 703-421-1313

USL Manassas Lynchburg

~~Terry Myles~~ ~~Elias Bonilla~~

~~Centreville~~ ~~Roanoke~~, VA

~~20121~~ ~~24013~~

Tel: ~~703-659-0100~~ 540-589-5862

USL Winchester Roanoke

~~Terry Myles~~ ~~Timothy Harrell~~

~~Roanoke~~, VA

~~24013~~ ~~Christopher Seaborne~~

~~Tel: 540-589-5862~~ ~~Clear Brook~~,

~~VA 22624~~

Tel: 301-416-8180

USL Arlington

~~Zachary~~ ~~Zach~~ Bini

~~Carlisle, PA 17015~~ ~~Alexandria~~,

~~VA 22314~~

Tel: 703-215-7336

USL Gloucester Fredericksburg

~~Anthony Jackson~~ ~~Chris~~

~~Filipkowski~~

~~Manquin~~ ~~Frederickburg~~, VA

~~23106~~ ~~22406~~

Tel: ~~804-955-9790~~ 540-847-8599

USL Richmond North Manassas

~~Elias Bonilla~~ ~~Chris Filipkowski~~

~~Manquin~~ ~~Centreville~~, VA

~~23106~~ ~~20121~~

Tel: ~~804-955-9790~~ 703-659-0100

USL Winchester

~~Timothy Harrell~~

~~Christopher Seaborne~~

~~Clear Brook~~, VA 22624

Tel: 301-416-8180

USL Ashburn

Jeff Dajani

Dulles, VA 20166

Tel: 703-421-1313

USL Hampton Roads Gloucester

~~Chris Filipkowski~~ ~~Stephen~~

~~Ferguson~~

~~Newport News~~ ~~Manquin~~, VA

~~23605~~ ~~23106~~

Tel: ~~757-224-6675~~ 804-955-9790

USL Richmond South North

~~Chris Filipkowski~~

~~Manquin~~, VA 23106

Tel: 804-955-9790

USL Charlottesville

Christopher Hoodless

Afton, VA 22920

Tel: 540-836-6349

USL Lynchburg Hampton Roads

~~Stephen & Teana Ferguson~~ ~~Ferry~~

~~Myles~~

~~Roanoke~~ ~~Newport News~~, VA

~~24013~~ ~~23605~~

Tel: ~~540-589-5862~~ 757-224-6675

USL Roanoke Richmond South

~~Chris Filipkowski~~ ~~Terry Myles~~

~~Roanoke~~ ~~Manquin~~, VA ~~24013~~ ~~23106~~

Tel: ~~540-589-5862~~ 804-955-9790

WEST VIRGINIA

USL Morgantown

Justin Wood

Fairmont, WV 26554

Tel: 681-443-0263

WISCONSIN

USL Waukesha

Jeffrey Lynch

Waukesha, WI 53186

Tel: 262-544-4504

Franchisees Signed But Not Open at September 30, 2023 December 31, 2024

ARKANSAS FLORIDA

USL Conway
Nestor Moguel
Conway, AR 72032
Tel: 501-428-3299

CALIFORNIA

USL San Jose North Destín
Erik Estrada
San Jose, CA 95125
Tel: 408-627-1712

USL Homestead
Erik Estrada
San Jose, CA 95125
Tel: 408-627-1712

USL San Jose Miami South

FLORIDA

USL Destín

Richard Maddox
Lynn Haven, FL 32444
Tel: 850-832-4264

Roberto "Bob" Nespereira
Miami, FL 33133
Tel: 305-450-7373

Roberto "Bob" Nespereira
Miami, FL 33133
Tel: 305-450-7373

GEORGIA KENTUCK

Y

Bowling Green
Jason Wix
Lafayette, TN 37083
Tel: 615-633-7209

MARYLAND

USL Atlanta NW Waldorf
Eric Bell Michelle Doss & Brad McAlpine
Marietta, GA
30068 Brandywine, MD
20613
Tel: 770-833-2535 301-653-0275

INDIANA NEW

JERSEY

USL Evansville Vineland
Travis Castlen Ryan Hannon

Owensboro, KY 42303
West Deptford, NJ 08096
Tel: 270-929-7904
856-745-6384

TEXAS **NEW YORK**

USL Cedar Park
Westchester
Kaz Barrett & Chanika
Campbell
Hector Granados
Mount Kisco, NY 10549
Tel: 914-635-2967

VIRGINIA **NORTH**
CAROLINA

USL
Fredericksburg
Wilson
William and Brittany
Lingle
Anthony Jackson
Fredericksburg, VA
22406
Zebulon, NC 27597
Ph: 918-812-3263

PENNSYLVANIA

USL Harrisburg
Rich Garner
Downingtown, PA 19335
Tel: 215-316-9857

TENNESSEE

Franklin
Geoffrey Lysaught
Nashville, TN 37205
Tel: 540-847-5899
323-775-7999

Nashville North
Jason Wix
Lafayette, TN
37083
Tel: 615-633-7209

Nashville South
Geoffrey Lysaught
Nashville, TN 37205
Tel: 323-775-7999

Transfers Fiscal Year Ended ~~September 30, 2023~~ December 31, 2024

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

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

ARKANSAS

USL Arkansas NE

Wesley Thornton
513 Hunteliff Drive
Jonesboro, AR 72404
Tel: 870-761-7366

FLORIDA

USL Clermont

Omar & Karina Watson
1059 Tourmaline Drive
Kissimmee, FL 34746
Tel: 786-800-7987

USL Naples

Gustavo Rivero
1800 Santa Barbara Blvd.
Naples, FL 34116
Tel: 239-253-0500

USL Orlando

Omar & Karina Watson
1059 Tourmaline Drive
Kissimmee, FL 34746
Tel: 786-800-7987

USL Orlando NE

Omar & Karina Watson
1059 Tourmaline Drive
Kissimmee, FL 34746
Tel: 786-800-7987

USL Orlando NW

Omar & Karina Watson
1059 Tourmaline Drive
Kissimmee, FL 34746
Tel: 786-800-7987

MASSACHUSETTS

USL Boston

Michael Marta
10 Fairway Lane
Medway, MA 02053
Tel: 781-344-7400

MICHIGAN

USL Ann Arbor

Ron & Carol Howe
15040 Dumay Street
Southgate, MI 48195
Tel: 734-818-0009

MISSISSIPPI

USL Natchez

Chris Smith
9 Starnes Drive
Natchez, MS
Tel: 337-515-5479

NEW YORK

USL Nassau County

Marcelo Doglio
8 Quiet Lane
Levittown, NY 11756
Tel: 516-852-2428

TEXAS

USL Austin West

Jonathan Garcia
4301 W William Cannon Dr.
Suite 150, #420
Austin, TX 78749
Tel: 512-529-3321

USL Plano

Brandt Gaiser
1907 Cross Point Road
McKinney, TX 75072
Tel: 972-509-5296

USL San Antonio South

Gustavo Rivero
1800 Santa Barbara Blvd.
Naples, FL 34116
Tel: 239-253-0500

UTAH

USL Ogden

Barry & Emily Richardson
352 N 300 E
Brigham City, UT 84302
Tel: 435-554-8873

ALABAMA

USL Birmingham East

James Schaffer
8390 Segers Road
Madison, AL 35758
Tel: 256-772-7312

USL Birmingham West

James Schaffer
8390 Segers Road
Madison, AL 35758
Tel: 256-772-7312

GEORGIA

USL Macon

Greg & Kelly Israel
950 GA Highway 247 South
Kathleen, GA 31407

USL Warner Robins

Greg & Kelly Israel
950 GA Highway 247
South
Kathleen, GA 31407

Tel: 478-397-5380

Tel: 478-397-5380

KANSAS

USL Overland Park

Darrick Stirling

702 Keen Street, Suite B

Pleasant Hill, MO 64080

Tel: 501-803-4447

LOUISIANA

USL Lafayette

Brad Ratcliff

1052 Roberts Street

Jena, LA 71342

Tel: 318-245-2777

NORTH CAROLINA

USL Greenville

Bill Freelove

2210 May Street

Greenville, NC 27834

Tel: 252-439-5296

SOUTH CAROLINA

USL Anderson

John Kenney

233 Bruce Farms Road

Simpsonville, SC 29618

Tel: 864-979-0718

USL Greenville

John Kenney

233 Bruce Farms Road

Simpsonville, SC 29618

Tel: 864-979-0718

USL Spartanburg

John Kenney

233 Bruce Farms

Road

Simpsonville, SC

29618

Tel: 864-979-0718

TEXAS

USL San Antonio North

Ezequiel Escobedo & Heather

Guerrero

295 Shannon Ridge Drive

Floresville, TX 78114

Tel: 830-391-3008

Franchisees Who Left the System Fiscal Year Ended ~~September 30, 2023~~ December 31, 2024

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

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

CONNECTICUT

USL Bloomfield

~~Stephen Loomis & Matthew Slowik~~

~~37 Peters Road~~

~~Bloomfield, CT 06002~~

~~Tel: 203-390-9093~~

~~(Mutual Termination)~~

COLORADO

USL Colorado Springs

Jeff & Marlene Weinzierl

211 Crystal Hills

Boulevard

Manitou Springs, CO

80829

Tel: 719-685-2448

Reason: Abandonment

USL Fort Collins

Stephen & Elizabeth

Carman

1281 E Magnolia St, D368

Fort Collins, CO 80524

Tel: 970-227-9373

Reason: Mutual

Termination

USL Parker

Jeff Weinzierl

211 Crystal Hills

Boulevard

Manitou Springs, CO

80829

Tel: 719-685-2448

Reason: Abandonment

FLORIDA

USL Brandon

~~Todd Moerchen~~

~~369 Mears Boulevard~~

~~Oldsmar, FL 34677~~

~~Tel: 813-855-9002~~

~~(Mutual Termination)~~

USL Jacksonville Beach

~~Jason Cory & Colin Cory~~

~~1266 Belmont Terrace~~

~~Jacksonville, FL 32207~~

~~Tel: 904-625-3272~~

~~(Unilateral/Reacquired by Franchisor)~~

USL Pensacola

~~Nick Booker~~

~~1611 E Olive Road~~

~~Pensacola, FL 32514~~

~~Tel: 850-435-7557~~

~~(Unilateral/Reacquired by Franchisor)~~

MARYLAND

USL Baltimore East

~~Cordell Bartrum~~

~~6769 Graceland Avenue~~

~~Baltimore, MD 21224~~

~~Tel: 410-206-4916~~

~~(Abandonment)~~

FLORIDA

USL Palm Beach

Eric Masse
Delray Beach FL 33446
Tel: 561-495-7784

Reason: Abandonment

USL Palm Beach North

Eric Masse
Delray Beach FL 33446
Tel: 561-495-7784

Reason: Abandonment

USL Palm Beach South

Eric Masse
Delray Beach FL 33446
Tel: 561-495-7784

Reason: Abandonment

GEORGIA

USL Alpharetta

Tim Miles
16245 Hopewell Road
Alpharetta, GA 30004
Tel: 404-456-1937

Reason: Abandonment

USL Atlanta West

Dewitt Parker
Palmetto, GA 30268
Tel: 770-306-4766

Reason: Non-Renewal

USL Gainesville

Tim Miles
16245 Hopewell Road
Alpharetta, GA 30004
Tel: 404-456-1937

Reason: Abandonment

USL Hinesville

Walter Rogers
7047 Highway 169
Glennville, GA
30427
Tel: 912-270-1693

Reason:
Abandonment

USL Savannah

Walter Rogers
7047 Highway 169
Glennville, GA 30427
Tel: 912-270-1693

Reason: Abandonment

MICHIGAN

USL Lansing

Matthew & Nicole Sharp
809 Kerns Road
Mason, MI 48854
Tel: 517-896-2962
(Non-Renewal)

MICHIGAN

USL Ann Arbor

Tommy Kilbride

2827 Stein Court

Ann Arbor, MI 48105

Tel: 248-897-0377

Reason: Abandonment

USL Pontiac

Tommy Kilbride

2827 Stein Court

Ann Arbor, MI 48105

Tel: 248-897-0377

Reason: Abandonment

TEXAS

USL Abilene

Alvaro Castro

108 Roger Circle

Denver City, TX 79323

Tel: 325-450-9168

Reason: Mutual

Termination

EXHIBIT **ED**

LIST OF STATE ADMINISTRATORS/AGENTS
FOR SERVICE OF PROCESS

**LIST OF STATE ADMINISTRATORS,
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>CALIFORNIA</u>	Department of Financial Protection & Innovation 2101 Arena Boulevard Sacramento, CA 95834 (866) 275-2677	Financial Protection & Innovation Commissioner 2101 Arena Boulevard Sacramento, CA 95834
<u>HAWAII</u>	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813 (808) 586-2722	Hawaii Commissioner of Securities King Kalakaua Building 335 Merchant Street, Room 205 Honolulu, HI 96813
<u>ILLINOIS</u>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, IL 62706
<u>INDIANA</u>	Securities Commissioner Indiana Securities Division Room E 111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<u>MARYLAND</u>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
<u>MICHIGAN</u>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce Corporations and Securities Bureau 670 Law Building Lansing, MI 48913
<u>MINNESOTA</u>	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101 (651) 296-1600	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101
<u>NEW YORK</u>	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005-1495 (212) 416-8222	Secretary of State of New York One Commerce Plaza 99 Washington Ave., 6 th Floor Albany, NY 12231-0001

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<u>NORTH DAKOTA</u>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 th Floor Bismarck, ND 58505-0510 (701) 328-2910	North Dakota Securities Department 600 East Boulevard Avenue State Capitol – 5 th Floor Bismarck, ND 58505-0510
<u>RHODE ISLAND</u>	Division of Securities Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920	Director of Department of Business Registration 1511 Pontiac Avenue John O. Pastore Center, Building 69-1 Cranston, RI 02920
<u>SOUTH DAKOTA</u>	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of South Dakota Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501-3185
<u>VIRGINIA</u>	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, First Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219
<u>WASHINGTON</u>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater PO Box 41200 Olympia , WA 98504-1200 (360) 902-8700	Administrator of Securities Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, WA 98501
<u>WISCONSIN</u>	Commission of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Wisconsin Commissioner of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT **FE**

STATE ADDENDA

**RIDER TO STATE ADDENDUM
TO THE U.S. LAWNS® FRANCHISE DISCLOSURE DOCUMENT AND
U.S. LAWNS FRANCHISE AGREEMENT ~~AND AREA DEVELOPMENT AGREEMENT~~
FOR THE FOLLOWING STATES ONLY: CALIFORNIA, HAWAII, ILLINOIS, INDIANA,
MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND,
SOUTH DAKOTA, VIRGINIA, WASHINGTON, WISCONSIN**

This Rider to State Addendum to U.S. Lawns® Franchise Disclosure Document (“FDD~~”;~~”) and U.S. Lawns Franchise ~~Agreement and Area Development~~ Agreement is entered into by and between U.S. Lawns, Inc., a Florida corporation with an address of 6700 Forum Drive, Suite 150, Orlando, Florida 32821 (“we” or “us”) and _____ (“you”).

A. This Rider is being signed because you are a resident of one of the states listed in the heading of this Rider (the “Applicable Franchise Registration State”) or a non-resident who is acquiring franchise rights permitting the location of one or more U.S. Lawns® business in the Applicable Franchise Registration State.

B. We and you have contemporaneously herewith entered into a Franchise Agreement ~~and/or Area Development Agreement (each, _~~the “Agreement”) and wish to amend the Agreement as provided herein.

NOW, THEREFORE, for and in consideration of good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Agreement is hereby amended as follows:

1. The following language is hereby added to the end of the FDD or the Agreement:

“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.”

2. Except as provided in this Rider, the Agreement remains in full force and effect in accordance with its terms. This Rider shall be effective only to the extent that the jurisdictional requirements of the franchise law of the Applicable Franchise Registration State are met independently without reference to this Rider.

IN WITNESS WHEREOF parties have executed this Rider on this ____ day of ____, 20__.

We:

You:

U.S. Lawns, Inc.
a Florida corporation

By: _____

Its: _____

**ADDITIONAL DISCLOSURES TO THE DISCLOSURE DOCUMENT, AND
~~FRANCHISE AGREEMENT, AND AREA DEVELOPMENT~~ AGREEMENT REQUIRED
BY THE STATE OF CALIFORNIA**

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

In California the highest interest rate permitted by law is 10%.

SPOUSAL RISK FACTOR – Spousal liability: Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.

The Franchise Agreement, ~~Area Development Agreement~~ and ~~Items~~Item ~~5 and 7~~ of the Disclosure Document are amended as follows: “The Department of Financial Protection and Innovation requires a financial assurance. ~~Therefore, we have posted a surety bond which is on file with the California Department of Financial Protection and Innovation. A copy of the surety bond is attached as an exhibit to the California Additional Disclosures page~~ Therefore, all initial fees and payments owed by franchisees shall be deferred until the Franchisor completes its pre-opening obligations under the franchise agreement.”

The franchise agreement ~~and area development agreement~~ provide~~provides~~ for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec 101 et seq.).

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

The franchise agreement requires binding arbitration. The arbitration will occur at Orlando, Florida with the costs being borne by you. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

Neither the franchisor, nor any person or franchise broker in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

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 disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of

the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

YOU MUST SIGN A GENERAL RELEASE OF CLAIMS IF YOU RENEW OR TRANSFER YOUR FRANCHISE. CALIFORNIA CORPORATIONS CODE §31512 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE INVESTMENT LAW (CALIFORNIA CORPORATIONS CODE §§31000 THROUGH 31516). BUSINESS AND PROFESSIONS CODE §20010 VOIDS A WAIVER OF YOUR RIGHTS UNDER THE FRANCHISE RELATIONS ACT (BUSINESS AND PROFESSIONS CODE §§20000 THROUGH 20043).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

CALIFORNIA SURETY BOND

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF

HAWAII

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 REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF
ILLINOIS**

The Franchise ~~Agreement, Area Development~~ Agreement and the Disclosure Document are hereby amended to the effect that in the State of Illinois, Illinois law, jurisdiction, and venue shall apply.

~~If you take advantage of the financing offered by the Franchisor, your spouse must sign a document making your spouse liable for all financial obligations of the financing. This Guarantee has the potential to place both your and your spouse's marital and personal assets at risk if you default on the loan.~~

The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

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

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

Franchisor

Date

Franchisee

Date

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF
INDIANA**

We must comply with Indiana Code (23-2-2.7-1(4) and (23-2-2.7-2(6) which set limitations on third party suppliers.

You may not be required to indemnify us for liability when caused by your proper reliance on or use of procedures or materials provided by us or caused by our negligence.

~~ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF~~

~~ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF MARYLAND~~
~~(Franchise Disclosure Document, and Franchise Agreement ~~and Area Development~~~~
~~Agreement)~~

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.

The Page “**Special Risks to Consider About *This Franchise***” of the Disclosure Document is amended as follows:

Guarantee Performance by the Transferee. The Franchisor has the right to require the Franchisee to guarantee performance by the transferee as a condition of the Franchisor’s approval of a transfer of this franchise to a third party.

The Franchise ~~Agreement, Area Development~~ Agreement and Items 5 and 7 of the Disclosure Document are amended as follows:

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

Item 15 of the Disclosure Document is amended as follows:

A franchisee’s spouse is not required to sign a personal guarantee unless the spouse has an ownership interest in the franchise.

The Franchise ~~Agreement, Area Development~~ Agreement and Item 17 of the Disclosure Document are amended as follows:

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

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

The provision in the franchise agreement ~~(and in the area development agreement, if applicable)~~ which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11U.S.C. Section 101 et seq.)

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.

You may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchisor has the right to require the Franchisee to guarantee performance by the transferee as a condition of the Franchisor's approval of a transfer of this franchise to a third party.

FRANCHISOR:
U.S. LAWNS, INC.

Franchise Owner:

Date

**ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF
MINNESOTA**

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws or the jurisdiction.
2. With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.
3. Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes, or other commercial symbols or indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.
4. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
5. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minnesota Rule 2860.4400(J). Additionally, a court will determine if a bond is required.
6. The Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.
7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
8. No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of: (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF~~

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF 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 THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities,

antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. 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.

7. The following is added to the end of the “Summary” section of Item 17(j), titled **“Assignment of contract by franchisor”**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

~~ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF THE STATE OF~~

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF THE STATE OF
NORTH DAKOTA

This addendum to the Franchise Agreement ~~and Area Development Agreement, as applicable,~~ is agreed to this _____ day of _____, between _____ (Franchisor) and _____ (Franchisee) to amend and revise said Franchise Agreement as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (SECTION 51-19-09, N.D.C.C.):

(1) Restrictive Covenants: Franchise offering circulars which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to the statute. Therefore, Item 17(r) of the Disclosure Document and Section 10 of the Franchise Agreement are amended to state that Covenants not to compete such as those mentioned herein are generally considered unenforceable in the State of North Dakota.

(2) Site of Arbitration Proceedings: Franchise agreements providing that the parties must agree to the arbitration of disputes at a location that is remote from the site of the franchisee's business. Item 17(u) of the Disclosure Document and Section 11 of the Franchise Agreement are amended to provide the site of arbitration or mediation be agreeable to all parties.

(3) Restrictions on Forum: Regarding North Dakota franchisees to consent to jurisdiction of courts outside of North Dakota. Item 17(v) of the Disclosure Document and the Franchise Agreement ~~or Area Development Agreement, as applicable,~~ are amended to state that franchisees are not required to consent to jurisdiction of courts outside of North Dakota.

(4) Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties. Therefore, Item 17(i) of the Disclosure Document and Section 13 of the Franchise Agreement are amended to delete the provision requiring the franchisee to consent to termination or liquidated damages.

(5) Applicable Laws: Franchise agreements which specify that they are to be governed by the laws of a state other than North Dakota. Item 17(w) of the Disclosure Document and the Franchise Agreement ~~(and Area Development Agreement, as applicable),~~ are therefore amended to delete the provision requiring governance by the state of Florida.

(6) Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury. Therefore, the Franchise Agreement ~~(and Area Development Agreement, as applicable),~~ and the Disclosure Document, are amended to delete any provisions requiring the franchisee to consent to a waiver of trial by jury.

(7) Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages. Therefore, Section 23 of the Franchise Agreement ~~(and Section 10.L of the Area Development Agreement, as applicable)~~ is amended to delete the requirement that the franchisee consent to a waiver of exemplary and punitive damages.

(8) Requirement to sign a general release upon renewal of Agreement. Therefore, Item 17(c) of the Disclosure Document and Section 10.D.6 of the Franchise Agreement are amended to delete the provision requiring the franchisee to sign a general release upon renewal of the Agreement.

Section 13.C of the Franchise Agreement ~~and Section 8.H of the Area Development Agreement, as applicable,~~ is amended to state that the stature of limitations under North Dakota Law will apply.

Section 11.D of the Franchise Agreement is amended to state that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement ~~(and Area Development Agreement, as applicable)~~ or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

In witness thereof, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the _____ day of _____, 20 ____.

(NAME OF FRANCHISOR)
BY: _____
Authorized Officer, Franchisor

FRANCHISEE: _____

BY: _____

ITS: _____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT
ADDENDUM, THE FRANCHISE AGREEMENT, AND ALL RELATED
AGREEMENTS

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

- 1. Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~Chapter~~chapter 19.100 RCW ~~shall~~will prevail.

Franchisee Bill of Rights. RCW 19.100.180 may supersede provisions in the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. ~~There may also be court decisions which may that~~ supersede the franchise agreement ~~in~~or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the areas of termination and renewal of your franchise.

- ~~2. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the~~Franchise Disclosure Document, are subject to state law.
- 3. Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. ~~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~~in the franchise agreement or related agreements purporting to bind the franchisee may not include rights to waive compliance with any provision under the Washington Franchise Investment Protection Act or any ~~rules~~or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
- 5. Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection

- Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
 7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
 8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
 9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
 10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~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 accordance with RCW 19.100.220(2).
 11. **Franchisor's Business Judgment.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

Indemnification.

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

12. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.
13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). -In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's

earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). -As a result, any ~~provisions~~provision contained in the franchise agreement or elsewhere that ~~conflict~~conflicts with these limitations ~~are~~is void and unenforceable in Washington.

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

~~A surety bond in the amount of \$100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.~~

~~WASHINGTON FRANCHISE AGREEMENT ADDENDUM~~

- ~~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 event of a conflict of laws, the provisions of 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, Chapter 19.100 RCW shall prevail 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.~~

~~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.~~

- ~~19. 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 The general release referenced in Sections 4(B) and 10(D)(6) of the Franchise Agreement, the Renewal Addenda enclosed as Schedule G to the Franchise Agreement, the New Territory Addendum enclosed as Schedule I to the Franchise Agreement do not precluded apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.~~
- ~~20. The franchisee’s obligations to waive, indemnify, defend, reimburse, and hold harmless referenced in Section 9(B) of the Franchise Agreement do not extend to liabilities caused by the franchise agreement, a indemnified parties’ negligence, willful misconduct, strict liability, or fraud. The franchisee may bring an action or proceeding arising out of or in connection is also not required to waive, indemnify, hold harmless, and reimburse the indemnified parties if the franchisee is determined to be an employee, or if the Franchisor is determined to be a joint employer, due to the franchisee’s compliance with the sale of franchises, or Franchisor’s system standards.~~
- ~~21. Section 10(E) of the Franchise Agreement is modified to provide for 180 days to effect the transfer upon the franchisee’s death, disability, or incapacity.~~

22. In accordance with RCW 19.100.180(2)(g) and RCW 19.100.190(3), the following phrase in Section 11(B) of the Franchise Agreement does not apply to claims by Washington franchisees arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder: “assess punitive or exemplary damages.”
23. In accordance with RCW 19.100.180(2)(g) and RCW 19.100.190(3), Section 13(C) of the Franchise Agreement does not apply.
24. The Washington Addendum applies notwithstanding Section 14(B) and (D) of the Franchise Agreement.
25. In accordance with RCW 19.100.180(1), RCW 19.100.180(2)(g), and RCW 19.100.220(2), Section 14(H) of the Franchise Agreement does not apply.
26. In accordance with RCW 19.100.180(2)(g) and RCW 19.100.190(3), Section 14(K) of the Franchise Agreement does not apply to claims by Washington franchisees arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.
27. Section 14(M) of the Franchise Agreement does not apply to any duties, obligations, or liabilities imposed on the Franchisor or its affiliates under the Washington Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.
28. Section 14(O) of the Franchise Agreement is revised to state that it does not waive franchisee protections under RCW 19.100.180(2)(d).
29. RCW 19.100.180(2)(d) states it is a violation of the Washington Franchise Investment Protection Act, in Washington, for any person to “sell, rent, or offer to sell to a franchisee any product or service for more than a fair and reasonable price.”

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.~~

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

~~RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting~~

~~or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.~~

~~A surety bond in the amount of \$100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.~~

30. The following phrase in the Personal Guarantee and Agreement to be Bound Personally by the Terms and Conditions of the Franchise Agreement enclosed as Schedule J to the Franchise Agreement does not apply: "the invalidity, illegality or unenforceability of all or any part of the Franchise Agreement."

31. Schedule K to the Franchise Agreement does not apply in Washington.

The undersigned ~~does~~parties do hereby acknowledge receipt of this addendum.

Dated this ____ day of _____, 20__.

FRANCHISOR:
U.S. LAWS, INC.

Prospective Franchisee:

~~WASHINGTON AREA DEVELOPMENT AGREEMENT ADDENDUM~~

~~In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.~~

~~RCW 19.100.180 may supersede the area development 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 area development agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.~~

~~In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the area development agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.~~

~~A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.~~

~~Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.~~

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

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

~~A surety bond in the amount of \$100,000 has been obtained by the Franchisor. The Washington Securities Division has made the issuance of the franchisor's permit contingent upon the Franchisor maintaining surety bond coverage acceptable to the Administrator until (a) all~~

~~Washington Franchisees have (i) received all initial training that they are entitled to under the franchise agreement or offering circular, and (ii) are open for business; or (b) the Administrator issues written authorization to the contrary.~~

~~The undersigned does hereby acknowledge receipt of this addendum.~~

~~Dated this ____ day of _____, 20__.~~

~~FRANCHISOR: _____ Prospective Area Developer:
U.S. LAWN, INC. _____~~

EXHIBIT **GF**

TABLE OF CONTENTS OF OPERATIONS MANUAL

U.S. LAWNS OPERATIONS MANUAL

TABLE OF CONTENTS (Tab Labels)

- 1. Introduction (1 Page)**
- 2. About Your Franchise (1 Page)**
- 3. Management Policy (6 Pages)**
- 4. Summary of Franchisee Obligations (2 Pages)**
- 5. Summary of Franchisor Services (1 Page)**
- 6. U.S. Lawns Concept (2 Pages)**
- 7. The Organization (2 Pages)**
- 8. Our Image (4 Pages)**
- 9. Landscape Maintenance Industry (3 Pages)**
- 10. Consumer Guide to Landscape Maintenance (11 Pages)**
- 11. Field Operations (10 Pages)**
- 12. Hiring Techniques (8 Pages)**
- 13. Horticulture Practices Manual (20 Pages)**
- 14. QuickBooks (9 Pages)**
- 15. Risk Management (8 Pages)**

EXHIBIT HG

SAMPLE RELEASE

**SAMPLE
RELEASE OF CLAIMS**

For and in consideration of the Agreements and covenants described below, U.S. Lawns, Inc. (“Franchisor”) and _____ (“Franchisee”) enter into this Release of Claims (“Agreement”).

RECITALS

- A. Franchisor and Franchisee entered into a U.S. Lawns Franchise Agreement dated _____, ____.
- B. [NOTE: Describe the circumstances relating to the release.]
- C. Subject to and as addressed with greater specificity in the terms and conditions set forth below, Franchisor and Franchisee now desire to settle any and all disputes that may exist between them relating to the Franchise Agreement.

AGREEMENTS

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims by Franchisor.** Except as noted in this Section 4, and subject to your compliance with the terms and conditions of this Agreement, including the payment of \$_____ to Franchisor, Franchisor, for itself, its predecessors, successors, assigns, affiliates, directors, officers, shareholders, and employees (collectively and individually referred to as the “Franchisor Parties”), hereby release and forever discharge Franchisee, its heirs, successors and assigns, affiliates, directors, officers and shareholders, and any other party claiming an interest through them (collectively and individually referred to as the “Franchisee Parties”) from any and all claims, debts, liabilities, demands, obligations, costs, expenses, actions and causes of action, whether known or unknown, vested or contingent, which you may now or in the future own or hold, that in any way relate to the Franchise Agreement (collectively, “Claims”), for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisor Parties do not release the Franchisee Parties from any obligations arising by virtue of this Agreement and the Franchisee Parties’ failure to comply with those obligations. Further, the Franchisor Parties do not release the Franchisee Parties from any Claims related to Franchisee’s (i) indemnification obligations under Section ___ of the Franchise Agreement, (ii) non-disclosure obligations under Section ___ of the Franchise Agreement, and (iii) post-termination non-compete obligations under Section ___ of the Franchise Agreement, each of which remain in full force and effect and are incorporated by reference in this Agreement.

5. **Release of Claims by Franchisee.** In consideration of the other terms and conditions of this Agreement, the receipt and sufficiency of which is hereby acknowledged, the Franchisee Parties release and forever discharge the Franchisor Parties of and from any and all Claims, for known or unknown damages or other losses including but not limited to, any alleged violations of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules or regulations, and any alleged violations of the Franchise Agreement or any other related agreement between you and Franchisor or your affiliate and Franchisor.

The Franchisee Parties do not release the Franchisor Parties from any obligations arising by virtue of this Agreement and the Franchisor Parties' failure to comply with those obligations. Further, the Franchisee Parties and the Franchisor Parties acknowledge that the release set forth in this Section 5 does not release the Franchisor Parties from any liability under the Maryland Franchise Registration and Disclosure Law.

6. **Acknowledgement.** The releases of Claims set forth in Section 4 and Section 5 are intended by the Franchisor Parties and the Franchisee Parties (collectively, the "Parties") to be full and unconditional general releases, as that phrase is used and commonly interpreted, extending to all claims of any nature, whether or not known, expected or anticipated to exist in favor of the one of the Parties against the other Party regardless of whether any unknown, unsuspected or unanticipated claim would materially affect settlement and compromise of any matter mentioned herein. In making this voluntary express waiver, the Parties acknowledge that claims or facts in addition to or different from those which are now known to exist with respect to the matters mentioned herein may later be discovered and that it is the Parties' respective intentions to hereby fully and forever settle and release any and all matters, regardless of the possibility of later discovered claims or facts. This Release is and shall be and remain a full, complete and unconditional general release. The Parties further acknowledge and agree that no violation of this Agreement shall void the releases set forth in this Agreement.

7. **Reservation of Claims Against Non-Settling Parties.** Franchisor and Franchisee expressly reserve their right and claims against any non-settling persons, firms, corporations, or other entities for whatever portion or percentage their damages are found to be attributable to the wrongful conduct of said non-settling parties.

8. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties relative to the subject matter contained herein, and all prior understandings, representations and agreements made by and between the parties relative to the contents contained in this Agreement are merged into this Agreement.

9. **Voluntary Nature of Agreement.** The parties acknowledge and agree that they have entered into this Agreement voluntarily and without any coercion. The parties further represent that they have had the opportunity to consult with an attorney of their own choice, that they have read the terms of this Agreement, and that they fully understand and voluntarily accept the terms.

10. **Governing Law and Jurisdiction.** This Agreement will be construed and enforced in accordance with the law of the state of _____.

11. **Attorneys' Fees.** All rights and remedies under this Agreement shall be cumulative and none shall exclude any other right or remedy allowed by law. In the event of a breach of this Agreement that requires one of the parties to enforce the terms and conditions of this Agreement, the non-prevailing party shall pay the prevailing party's attorneys' fees and costs incurred by reason of the breach.

[
Dated: _____ U.S. LAWNS, INC.

By _____

Its _____

Dated: _____ FRANCHISEE: _____

By _____

*This Agreement does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.].

Dated: _____ U.S. LAWNS, INC.

By _____

Its _____

Dated: _____ FRANCHISEE: _____

By _____

EXHIBIT II

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Different Form of FDD
Hawaii	Different Form of FDD
Illinois	Different Form of FDD
Indiana	January 30, 2025
Maryland	Different Form of FDD
Michigan	January 18, 2025
Minnesota	February 26, 2025
New York	Different Form of FDD
North Dakota	January 30, 2025
Rhode Island	January 30, 2025
South Dakota	June 5, 2024
Virginia	Different Form of FDD
Washington	Different Form of FDD
Wisconsin	Different Form of FDD

State	Effective Date
California	Pending Registration
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration
Maryland	Pending Registration
Michigan	Pending Registration
Minnesota	Pending Registration
New York	Pending Registration
North Dakota	Pending Registration
Rhode Island	Pending Registration
South Dakota	Pending Registration
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

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 J

RECEIPT PAGES

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If U.S. Lawns, Inc. offers you a franchise, U.S. Lawns, Inc. must provide this Disclosure Document to you at least 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. Under New York law, if applicable, we must provide this Disclosure Document to you at your first personal meeting or at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa or Michigan law, if applicable, we must provide this Disclosure Document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If U.S. Lawns, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: David Wells, U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, Florida 32821, telephone (407) 246-1630 and _____

Issuance Date: ~~January 18, 2024, as amended January 27~~ April 1, 2025.

See Exhibit A for our registered agents authorized to receive service of process.

~~See Exhibit A for our registered agents authorized to receive service of process.~~

I have received a Disclosure Document with effective date of ~~January 18, 2024, as amended January 27~~ April 1, 2025 (see state effective dates on State Cover page) that included the following Exhibits:

- ~~A. Financial Statements~~
- ~~B. Franchise Agreement (including Schedules, Personal Guarantee and Acknowledgement Addendum)~~
- A. Financial Statements
- B. Franchise Agreement (including Schedules, Personal Guarantee and Acknowledgement Addendum)
- ~~C. Area Development Agreement~~
- DC. List of Current and Former Franchisees
- ED. List of State Administrators and Agents for Service of Process
- FE. State Addenda
- GF. Table of Contents of Operations Manual
- HG. Sample Release
- IH. State Effective Dates
- JL. Receipts

Date

Signature

Printed Name

Date

Signature

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Pam Dolan, U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, Florida 32821.

Prospective Franchisee's Copy

RECEIPT

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If U.S. Lawns, Inc. offers you a franchise, U.S. Lawns, Inc. must provide this Disclosure Document to you at least 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. Under New York law, if applicable, we must provide this Disclosure Document to you at your first personal meeting or at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Iowa or Michigan law, if applicable, we must provide this Disclosure Document to you at least 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

If U.S. Lawns, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The name, principal business address and telephone number of each franchise seller offering the franchise is: David Wells, U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, Florida 32821, telephone (407) 246-1630 and _____

Issuance Date: ~~January 18, 2024, as amended January 27~~ April 1, 2025.

See Exhibit A for our registered agents authorized to receive service of process.

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- A. Financial Statements
- B. Franchise Agreement (including Schedules, Personal Guarantee and Acknowledgement Addendum)
- ~~C~~
- ~~A.~~ ~~Financial Statements~~
- ~~B.~~ ~~Franchise Agreement (including Schedules, Personal Guarantee and Acknowledgement Addendum)~~
- ~~C.~~ ~~Area Development Agreement~~
- D. List of Current and Former Franchisees
- ED. List of State Administrators and Agents for Service of Process
- FE. State Addenda
- GF. Table of Contents of Operations Manual
- HG. Sample Release
- IH. State Effective Dates
- J. Receipts

Date

Signature

Printed Name

Date

Signature

Printed Name

Please sign this copy of the receipt, date your signature, and return it to Pam Dolan, U.S. Lawns, Inc., 6700 Forum Drive, Suite 150, Orlando, Florida 32821.

Franchisor's Copy