

FRANCHISE DISCLOSURE DOCUMENT



Pirtek USA LLC
A Delaware Limited Liability Company
300 Gus Hipp Boulevard
Rockledge, Florida 32955
Telephone: (321) 701-3330
www.pirtekusa.com

The franchise offered is for the right to own and operate a PIRTEK® service and supply center business (“Business”), which will consist of the sale, custom assembly and installation of industrial and hydraulic hoses, fixed tube assemblies, fittings and related components and other distinctive products and services.

The total investment necessary to begin operation of a PIRTEK® franchised business is ~~\$216,400~~235,137 to ~~\$619,300~~666,638, which includes ~~\$114,600~~130,888 to ~~\$281,000~~297,437 that must be paid to the franchisor or an affiliate for each outlet. If you sign a Development Agreement to develop ~~multiple~~more than one PIRTEK® franchised ~~businesses~~business, the total investment necessary to begin operations for each outlet under the Area Development Agreement is ~~\$55,000 to \$280,000, which includes \$55,000 to \$280,000 that must be paid to the franchisor or an affiliate~~the same as the investment disclosed above, except that you must prepay the Initial Franchisee Fee of \$55,000 for each additional outlet you commit to develop under the Development Agreement.

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, us or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at 300 Gus Hipp Boulevard, Rockledge, Florida 32955, (321) 701-3330.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or 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, DC 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: March ~~29~~31, ~~2024~~2025
~~PIRTEK FDD - 2024~~

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, “PIRTEK,” “we,” “us” or any similar reference means PIRTEK USA LLC, the franchisor. “You,” “your” or any similar reference means the person who buys the franchise. If the franchisee is a corporation, partnership or other entity, “you” may also mean its owners. Certain provisions of the franchise agreement apply to your owners and are noted in this Disclosure Document.

We are a Delaware limited liability company formed in June 1997. Our principal business address is 300 Gus Hipp Boulevard, Rockledge, Florida 32955. We do business under our corporate name and PIRTEK. Our agents for service of process are disclosed in Exhibit 1 to this Disclosure Document. We do not have predecessors required to be disclosed.

Our parent is Pirtek Holdco, LLC, a Delaware limited liability company formed in September 2023 (“Holdco”). The principal address for Holdco is 2601 Olive Street, Suite 1400, Dallas, TX 75201. Holdco does not offer franchises in any line of business and does not supply products or services to you.

We do not have ~~the following~~any affiliates operating a PIRTEK Business or providing products or services to franchisees~~;~~.

~~PirtekUSA OEM LLC (“OEM”) is a Delaware limited liability company with a business address the same as ours. OEM has provided hose assembly orders for customers with requests that franchisees would otherwise not have the capacity to handle due to resources, supply, pricing and/or potential margin, technical ability, or engineering skill, while also being a production support arm when franchisees secure a large job since June 2016. OEM has not offered franchises in any other lines of business or provides any services to you.~~

Additionally, our affiliate, Princeton Equity Group, LLC, a Delaware limited liability company, is a private equity firm with its principal address at 47 Hulfish Street, Suite 305, Princeton, New Jersey 08542. Princeton Equity Group, LLC does not offer franchises in any line of business and does not supply products or services to you; however, through common ownership under Princeton Equity Group, LLC, we have other affiliates that offer franchises or provide products and services to franchisees for the following businesses:

SB Oil Change Franchising, LLC, is a Delaware limited liability company, with a principal business address at 301 North Main Street, Suite 2030, Winston Salem, North Carolina 27101. SB Oil Change Franchising, LLC grants to franchisees the right to own and operate Strickland Brothers 10 Minute Oil Change franchise businesses providing oil changes and related automotive services. SB Oil Change Franchising, LLC began offering franchises in 2019 and had 66 franchises open and operating as of December 31, ~~2023~~2024. SB Oil Change Franchising, LLC has not offered franchises in any other lines of business or provides any services to you.

CMY Franchising, LLC, is a Delaware limited liability company, with a principal business address at 3917 Double Dome Road, Austin, Texas 78734. CMY Franchising, LLC grants to franchisees the right to own and operate Card My Yard franchise businesses providing celebratory yard greeting products and services. CMY Franchising, LLC began offering franchises in 2017 and had ~~533~~547 franchises open and operating as of December 31, ~~2023~~2024. CMY Franchising, LLC has not offered franchises in any other lines of business or provides any services to you.

Five Star Bath, LLC, is a Utah limited liability company, with a principal business address at 761 W. Spring Creek Place, Springville, Utah 84663. Five Star Bath, LLC grants to franchisees the right to own and operate Five Star Bath Solutions franchise businesses offering bathroom renovation services. Five Star Bath, LLC began offering franchises in 2015 and had ~~165~~261 franchises open and operating as of December 31, ~~2023~~2024. Five Star Bath, LLC has not offered franchises in any other lines of business or provides any services to you.

~~**Five Star Connect, Inc.**, a Delaware corporation, with a principal business address at 761 W. Spring Creek Pl., Springville, Utah 84663. Five Star Connect, Inc. offers support services to franchise systems, including to us and some of our affiliates; these services include call center, software, and marketing services. Five Star Connect, Inc. began delivering support services to franchise systems in 2015, and had no franchises open and operating as of December 31, 2023. Five Star Connect, Inc. has not offered franchises in any other lines of business or provides any services to you.~~

~~**TEN Cool Springs, LLC**, a Tennessee limited liability company with a principal business address of 7115 S. Springs Drive, Franklin, Tennessee 37067. TEN Cool Springs, LLC operates as a franchisee of an athletic performance training facility. TEN Cool Springs, LLC began delivering support services to franchise systems in 2002. TEN Cool Springs, LLC has not offered franchises in any other lines of business or provides any services to you.~~

~~**International Franchise Professionals Group, LLC**, a Delaware limited liability company, with its principal business address of 499 Ernston Rd, Parlin, New Jersey 08859. International Franchise Professionals Group, LLC operates a franchise consultant network since 2012. International Franchise Professionals Group, LLC has not offered franchises in any other lines of business or provides any services to you.~~

~~**Career Transition Leads, LLC**, a New Jersey limited liability company, with its principal business address of 499 Ernston Rd. Parlin, New Jersey 08859. Career Transition Leads, LLC offers franchise consultant lead generation services since 2012. Career Transition Leads, LLC has not offered franchises in any other lines of business or provides any services to you.~~

Gotcha Covered Franchising, LLC is a Colorado limited liability company, with a principal business address at 303 S. Broadway, Suite 200-153, Denver, Colorado 80209. Gotcha Covered Franchising, LLC grants franchises the right to operate Gotcha Covered franchise business offering window covering and treatment services. Gotcha Covered

Franchising, LLC began offering franchises in 2009 and had 165 franchises open and operating as of December 31, ~~2023~~2024. Gotcha Covered Franchising, LLC has not offered franchises in any other lines of business or provides any services to you.

Ringside Development Company d/b/a BioOne Colorado, Inc., is a Colorado corporation, with a principal business address at 761 W. Spring Creek Pl., Springville, Utah, 84663. Ringside Development Company grants to franchisees the right to own and operate Bio-One franchise businesses offering restoration services removing regulated and non-regulated bio-medical waste. Ringside Development Company began offering franchises in 2010 and had ~~129~~131 franchises open and operating as of December 31, ~~2023~~2024. Ringside Development Company has not offered franchises in any other lines of business or provides any services to you.

1-800 Packouts Franchise, LLC, is a Georgia limited liability company, with a principal business address at 761 W. Spring Creek Pl., Springville, Utah 84663. 1-800-Packouts Franchise, LLC grants to franchisees the right to own and operate 1-800-Packouts franchise businesses providing packing, storage, and restoration of residential, commercial, and industrial contents. 1-800-Packouts Franchise, LLC began offering franchises in 2015 and had ~~50~~54 franchises open and operating as of December 31, ~~2023~~2024. 1 800 Packouts Franchise, LLC has not offered franchises in any other lines of business or provides any services to you.

Mosquito Shield Franchise, LLC, is a Delaware limited liability company, with a principal business address at 500 E. Washington Street, # 24, North Attleboro, Massachusetts 02760. Mosquito Shield Franchise, LLC grants to franchisees the right to own and operate Mosquito Shield Franchise businesses providing mosquito treatment services. Mosquito Shield Franchise, LLC began offering franchises in 2013 and had ~~340~~383 franchises open and operating as of December 31, ~~2023~~2024. Mosquito Shield Franchise, LLC has not offered franchises in any other lines of business or provides any services to you.

D1 Sports Franchise, LLC, is a Tennessee limited liability company, with a principal business address at 7115 S. Springs Drive, Franklin, TN 37067. D1 Sports Franchise, LLC grants to franchisees the right to own and operate D1 franchise businesses the right to own and operate training facilities offering athletic-based scholastic and adult group training, coaching and personal training, and related products and services under the “D1®” name and marks. D1 Sports Franchise, LLC began offering franchises in 2015 and had ~~97~~130 franchises open and operating as of December 31, ~~2023~~2024. D1 Sports Franchise, LLC has not offered franchises in any other lines of business or provides any services to you.

Ellie Fam LLC, is a Minnesota limited liability company, with a principal business address at 1370 Mendota Heights Road, Mendota Heights, Minnesota 55120. Ellie Fam LLC grants to franchisees the right to own and operate Ellie Fam franchise businesses offering outpatient counseling and therapy clinics. Ellie Fam LLC began offering

franchises in 2021 and had ~~186~~240 franchises open and operating as of December 31, ~~2023~~2024. Ellie Fam LLC has not offered franchises in any other lines of business or provides any services to you.

Stretch Zone Franchising LLC, is a Florida limited liability company, with a principal business address at 6700 North Andrews Avenue, #210, Fort Lauderdale, FL 33309. Stretch Zone Franchising LLC grants to franchisees the right to own and operate Stretch Zone franchise businesses offering advanced certified practitioner-assisted stretching to individuals. Stretch Zone Franchising LLC began offering franchises in ~~2017~~2016 and had ~~332~~377 franchises open and operating as of December 31, ~~2023~~2024. Stretch Zone Franchising LLC has not offered franchises in any other lines of business or provides any services to you.

BBC Holdings, LLC, is a Florida limited liability company with a principal business address at 2214 NW 1st Place, Miami, FL 33127. BBC Holdings, LLC grants to franchisees the right to own and operate Barry's Boot Camp franchise businesses offering premium high-intensity interval training ("HIIT") workouts. BBC Holdings, LLC began offering franchises in 1998 and had 24 franchises open and operating as of December 31, 2024. BBC Holdings, LLC has not offered franchises in any other lines of business or provides any services to you.

We grant franchises to qualified persons for the right to own and operate a PIRTEK service and supply center business (the "Business" or "Service and Supply Center"). We also are in the business of the administration of our franchise system, which includes sourcing, purchasing and distributing Inventory Products (as defined in Item 8), which in turn you are required to purchase solely from us as described in Item 8. We started granting PIRTEK service and supply center franchises in June 1997. We have not previously offered franchises in any other line of business. As of December 31, ~~2023~~2024, there were ~~141~~162 franchised PIRTEK businesses (Tier 1 Business and Tier 2 Business, as defined below).

As the franchisor of the PIRTEK System in the United States, the franchise granted to you is the right to own and operate a PIRTEK Business according to the terms of the standard PIRTEK Franchise Agreement (the "Franchise Agreement"). A copy of the Franchise Agreement is included in this Disclosure Document as Exhibit 3.

If you are approved to develop ~~multiple~~more than one new PIRTEK Businesses you will be offered and must sign a Development Agreement ("Development Agreement"), Exhibit 2 to this Disclosure Document, which authorizes you to develop two or more Service and Supply Centers within the specified geographic area identified in the Development Agreement. Under the

Development Agreement, you will be required to develop and open each PIRTEK Business in accordance with a "Development Schedule," which will set forth specific time frames to open each location, and for each PIRTEK Business, you will be required to sign the applicable form of the then-current form of Franchise Agreement (which form of franchise agreement is different from the current franchise agreement included within this Franchise Disclosure Document).

During the operation of your Business, you will use our distinctive products and services, standards and specifications, sales and business techniques and image (the "System"), as well as the trademarks associated with the System (the "Marks") as further described in Item 13. Your

Business will consist of the sale, custom assembly and installation of industrial and hydraulic hoses, fixed tube assemblies, fittings and related components and other distinctive products and services. You will operate your Business from a Service & Supply Center and mobile sales and service units (“MSSU’s”) (collectively referred to sometimes as the “Center”) within a particular geographic territory (the “Territory”). ~~Most~~Some franchisees will develop their Business as a “Tier 1 Business”, which means that you will develop and operate your Service & Supply Center in the initial months of the Business with 2 MSSU’s, and continue to add additional MSSU’s as your Business grows. ~~In certain instances, we may authorize a franchisee to~~Other franchisees operate a “Tier 2 Business”, which means that you will initially operate two MSSUs and without a Service & Supply Center, with the requirement that you add an additional MSSU and open a Service & Supply Center within specified timeframes set forth in Appendix A to the Franchise Agreement. As set forth in Appendix

A to the Franchise Agreement, if you operate a Tier 2 Business, then in addition to paying the Initial Franchise Fee over time you must (i) add 1 additional MSSU and 1 MSS technician, for a total of 3 MSSUs, within ~~15~~²⁴ months from the date of the Franchise Agreement is signed, and (ii) open a Service & Supply Center and add a Technical Sales Rep with primary responsibilities for selling and promoting the PIRTEK Business in the Territory, within 39 months from the date of the Franchise Agreement is signed. The Franchise Agreement for a Tier 1 Business and a Tier 2 Business is the same, except as set forth in Appendix A to the Franchise Agreement. The disclosures in this Disclosure Document apply to both a Tier 1 Business and Tier 2 Business, except where we include separate disclosures for each of the Tiers.

You will sell the PIRTEK products and services from your Business to a vast array of mobile and stationary (fixed) plant and equipment users within the following markets, depending on the location of your Business: earthwork and construction; industrial manufacturing; food production; materials handling; air, sea and land transport; agriculture; mineral exploration and mining; and government and utilities businesses and others.

You will compete with other businesses within the “bulk” or Original Equipment Manufacturing (“OEM”) hose and fitting market. This market is very competitive and includes national and international brand product suppliers like Aeroquip, Parker Hannifan and Gates Rubber Co. Other competitors may be generally associated with rubber tire production and include Goodyear, Dunlop, Yokohama and Bridgestone.

There are no laws or regulations specific to the operation of a business featuring the sale, assembly and installation of the PIRTEK products, although there may be specific regulations applicable in some industries in which your customers operate. For example, in the food industry, stainless steel piping must be used in food processing. In addition, your Business will be subject to federal, state and local laws regarding the storage, use and disposal of hazardous materials. There also will be other local, state and federal laws applicable to your Business 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.

Item2

BUSINESS EXPERIENCE

PIRTEK

Chief Executive Officer: Kim Gubera

Ms. Gubera has been our Chief Executive Officer in Rockledge, Florida since January 2019. She also served as our President in Rockledge, Florida from August 2020 through October 2023. She served as our Vice President and Chief Financial Officer from January 2018 through December 2018, and our Corporate Controller from February 2016 to December 2017, each in Rockledge, Florida. Prior to joining PIRTEK, Ms. Gubera served as the Director of Finance at U.S. Lawns, Inc., based in Orlando, Florida, from August 2000 to February 2016.

Chief Financial Officer: Jennifer Healy

Ms. Healy has been our Chief Financial Officer in Rockledge, Florida since August 2023. She served as our Director of Finance from April 2021 to July 2023 in Rockledge, Florida. Prior to joining Pirtek, Ms. Healy served as the Regional Finance Director with Aramark Corp. from August 2019 to April 2021 and the Region Finance Manager with Aramark Corp. from September 2012 to August 2019, each in Philadelphia, Pennsylvania.

Chief Marketing Officer: James Doyle

Mr. Doyle has been our Chief Marketing Officer in Rockledge, Florida since April 2024. Prior to joining PIRTEK, he served as Vice President of Marketing from June 2023 through April 2024 for Air Pros USA in Hollywood, Florida. From August 2020 through December 2022, he served as Vice President of Marketing for Threshold Brands, LLC in Boston, Massachusetts. He also served as Vice President of Marketing for MaidPro Franchising in Boston, Massachusetts from May 2005 through August 2020.

Vice President of Franchise Development: John Dobelbower

Mr. Dobelbower has been our Vice President of Franchise Development in Rockledge, Florida since March 2024. Prior to joining PIRTEK, Mr. Dobelbower served as the Team Lead of Franchise Development at Lawn Pride and The Grounds Guys, ~~(both Neighborly Brand companies), based~~ in Waco, Texas, from May 2020 to February 2024. From January 2015 to May 2020, Mr. Dobelbower served as the Chief Executive Officer of Green Option Recycling in Waco, Texas.

Vice President of Franchise Operations: Kieran Scott

Mr. Scott has been our Vice President of Franchise Operations in Rockledge, Florida since August 2024. Prior to joining PIRTEK, Mr. Scott served as President-Growth Brands, of Threshold Brands, LLC from January 2022 through August 2024 in Boston, Massachusetts. From April 2019 through December 2021, Mr. Scott served as Vice President-Strategic Initiatives for Scenthound Holdings, LLC in Jupiter, Florida.

Director of Operations: ~~Don Stout~~Michael Rutan

Mr. Rutan has been our Director of Operations in Rockledge, Florida since July 2024. He served as our Product Development Manager from January 2022 through June 2024, as our Operations Manager from October 2019 through December 2021, and as an Operational Support Specialist from May 2019 through September 2019, each in Rockledge, Florida.

Director of Information Technology (“IT”): Robert Spiteri

Mr. ~~Stout~~Spiteri has been our Director of ~~Operations~~IT since January 2025 in Rockledge, Florida ~~since March 2023~~. He served as our ~~Business Development~~IT Manager in Rockledge, Florida from ~~February 2022 to March 2023~~June 2020 through December 2024. Prior to joining PirtekPIRTEK, Mr. ~~Stout served as the Strategic Consultant with Servpro in Gallatin, Texas from August 2016 to February 2022~~Spiteri was an IT Technical Project Manager for IBM in Orlando,

Florida from September 2019 through May 2020.

Director of Marketing: Carissa Wendkos

Ms. Wendkos has been our Director of Marketing in Rockledge, Florida since March 2024. Prior to joining PIRTEK, Ms. Wendkos served as the Director of Marketing for Prime Vacations in Bradenton, Florida from January 2023 through January 2024. Ms. Wendkos also served as the Senior Brand Manager for PIRTEK in Rockledge, Florida from March 2021 through January 2023. From February 2016 through March 2021, Ms. Wendkos served as the President of Photo Station LLC, in both St Petersburg, Florida and St. Thomas, U.S. Virgin Islands.

Franchise Training Manager: Jamie Vokes

Mr. Vokes has been our Franchise Training Manager in Rockledge, Florida since January ~~2003 and acted as a Consultant for PIRTEK from April 2002 through December 2002.~~
2003.

Item3

LITIGATION

Pending Litigation:

~~PIRTEK USA, LLC v. James Lager and JBL Hose Service, LLC, Arbitration Before Designated Arbitrator David J. Kaufmann (Conducted By Consent Pursuant To The Commercial Arbitration Rules of the American Arbitration Association (no assigned case number)) (Filed June 28, 2021); In re James Bradley Lager and JBL Hose Service, LLC d/b/a Texas Hose Pro, No. 22-03042 (United States Bankruptcy Court for the Northern District of Texas): In September of 2020, PIRTEK, a former franchisee and its owner (collectively the “Former Franchisee”) entered an agreement which required that the Former Franchisee refrain from disparaging PIRTEK and from discussing the existence or terms of the agreement (the “2020 Agreement”). After the Former Franchisee breached the 2020 Agreement, PIRTEK initiated an arbitration in June of 2021 against the Former Franchisee pursuant to the arbitration provision in the agreement. At the time of the final arbitration hearing, the former franchisee and shortly thereafter its owner, filed for bankruptcy. As a result, on April 25, 2022, PIRTEK filed an adversary proceeding against the Former Franchisee. In response, the Former Franchisee asserted a variety of counterclaims, including one claiming that PIRTEK violated the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”) by somehow manipulating the former franchisee’s Google Business account so that a nearby PIRTEK franchisee’s address appeared under the former franchisee’s new business name. In response, PIRTEK denied the allegations and filed a motion for summary judgment on the grounds that there was no evidence to support the FDUTPA claim. The Former Franchisee’s response to the motion for summary judgment did not include an opposition to the argument that PIRTEK was entitled to summary judgment on the FDUTPA claim. On October 26, 2023, the bankruptcy court entered a Final Judgment and Stipulated Permanent Injunction in favor of PIRTEK. The Final Judgment and Stipulated Permanent Injunction (a) permanently enjoins Former Franchisee from engaging in any disparaging communication or statements regarding PIRTEK and its affiliates, (b) permanently enjoins Former Franchisee from revealing, discussing, publishing or~~

~~in any way communicating in any way the terms of or the existence of the Second Settlement, (c) orders Former Franchisee to delete and remove all communications from the internet, social media or similar platform that violates the terms of the non-disparagement clause of the 2020 Agreement, (d) orders Former Franchisee to delete and remove all communications from the internet, social media or similar platform that mentions the 2020 Agreement, and (d) requires Former Franchisee to pay damages totaling \$500,000.~~

~~Litigation Against Franchisees in the Last Fiscal Year:~~

~~During the last fiscal year, we filed the following action against a former franchisee to enforce financial obligations due to abandonment of the franchise agreement.~~

No litigation is required to be disclosed in this Item.

Item4

BANKRUPTCY

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

Item5

INITIAL FEES

Initial Franchise Fees

You must pay to us an Initial Franchise Fee of \$55,000 in full when you sign the Franchise Agreement.

Development Fees

We may, at our discretion, grant Development Agreements. The terms of the Development Agreement are subject to negotiation. You will be required to sign the Development Agreement to develop and open one or more PIRTEK Businesses and other financial and operational commitments, as agreed upon by the parties. When you sign the Development Agreement, you must prepay all of the Initial Franchise Fees you would pay for ~~the first~~each Service and Supply Center you commit to develop ~~under the Development Agreement and fifty percent (50%) of the Initial Franchise Fees for all additional Service and Supply Centers you commit to open~~ under the Development Agreement. The fees paid under the Development Agreement will be credited

toward the initial franchise fees payable by you as you develop Service and Supply Centers under the Development Agreement.

You must pay to us Development Fee as calculated below:

	Development Fee Due Initially	Balance Due Upon Signing Subsequent Franchise Agreement(s)
1 st Service and Supply Center	\$55,000	\$0
2 nd and subsequent Service and Supply Centers	\$27,500 <u>\$55,000</u> per Center	\$27,500 <u>\$0</u> per Center

You must sign a separate Franchise Agreement for each Center on or before the dates set forth in the Development Agreement. The number of you PIRTEK Businesses you will be required to develop and open will be determined before you sign the Development Agreement. The Development Fee is calculated uniformly, and the amount of the actual fee will vary based on the number of Service and Supply Centers you are required to develop.

Initial Technology Start-Up Fee

You also must pay to us, for both a Tier 1 Business and Tier 2 Business, an Initial

Technology Start-up Fee of \$8,000 to \$10,000 to cover the initial costs of the various technology licenses used to operate the Business and related start-up services. You must pay the Initial Technology Start-up Fee before you commence business operations.

Opening Set-up Fee

We may require you to pay an Opening Set-up Fee in an amount between \$0- and \$14,000. You must pay the Opening Set-up Fee on or before the first day of the initial training program. In connection with the Opening Set-up Fee, we will spend approximately 10 to 15 business days at your Center prior to opening to generally get you ready to open your Center for business. This amount is not payable by a Tier 2 Business until conversion to a Tier 1 Business or if you are an existing franchisee acquiring an additional Center.

Other Items

You must purchase from us the opening product inventory and certain items of the equipment, uniforms and other similar items with the PIRTEK trademark (“Other Items”) for your Tier 1 Business and Tier 2 Business. The fee for the Other Items ranges from ~~\$85,600~~67,888-\$234,400 ~~for~~218,437. The low estimate assumes you operate a Tier 2 Business and the high estimate assumes you operate a Tier 1 Business, ~~and \$51,600-\$128,800 for a Tier 2 Business.~~

Total Payments to Us or Our Affiliates

The combined total for the Item 5 amounts ~~for Tier 1 Business~~ (Initial Franchise Fee, Opening Set-up Fee, Initial Technology Start-up Fee, and Other Items) is ~~\$148,600~~130,888 to ~~\$304,400~~297,437.

~~The combined total for the Item 5 amounts for Tier 2 Business (Initial Franchise Fee, Opening Set-up Fee, Initial Technology Start-up Fee, and Other Items) is \$109,600 to \$144,500.~~

During our ~~2023~~2024 fiscal year, we collected amounts ranging from ~~\$76,083~~186,916 to ~~\$191,834~~203,458 (for a Tier 1 Business) and ~~\$22,812~~28,479 to ~~\$60,095~~73,979 (for a Tier 2 Business) for the Other Items described in this paragraph.

Incentive Programs

We participate in the Veterans Transition Franchise Initiative (commonly referred to as “Vet Fran”), which seeks to provide an opportunity for veterans who want to be in business. If you are an honorably discharged veteran of the U.S. Armed Forces, you may be eligible to receive a \$15,000 discount off the Initial Franchise Fee amount due at the time you sign the Franchise Agreement.

~~Additionally, you may be eligible to receive a \$5,000 discount off of the Initial Franchise Fee due at the time you sign the Franchise Agreement if you sign the Franchise Agreement on Discovery Day. “Discovery Day” is a day that potential franchise owners meet in person at PRITEK’s corporate headquarters in Rockledge, FL with PIRTEK leadership and staff to learn more about PIRTEK and the PIRTEK Business.~~

Except as described above, all amounts in this Item 5 are nonrefundable and payable in a lump sum.

Item6

OTHER FEES

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Continuing License Fee	4% of your Gross Sales.	On or before the 10th day of the month following the month- for which the fee is due.	See Notes 2 and 10.
<u>Type of Fee</u>	<u>Amount (See Note 1)</u>	<u>Due Date</u>	<u>Remarks</u>
		<u>for which the fee is due.</u>	
Marketing Fees	1.5% - 3% of your Gross Sales.	On or before the 10th day of the month following the month for which the fee is due.	See Notes 3 and 10.
Local Marketing	0.375% - 0.75% of your Gross Sales.	When due.	See Note 4.
Transfer Fee	The greater of \$15,000 or 5% of the sale price	At time of transfer.	See Note 6. <u>The Transfer Fee will be adjusted annually in accordance with any annual change in the National Consumer Price Index.</u> Also see Item 17 for additional <u>information on transfer requirements.</u> inform ation on
Type of Fee	Amount (See Note 1)	Due Date	Remarks

Audit and Recordkeeping Costs	Will vary under the circumstances.	After inspection or audit.	Audits and inspections generally will be at our expense. If, however, an audit is made necessary by your failure to furnish reports, financial statements, tax returns or schedules as required under the Franchise Agreement, or if any audit or inspection reveals that you have understated or underreported Gross Sales, Continuing License Fees, Marketing Fees or other amounts owed to us by an amount <u>greater than 4%, in addition to the amounts owed to us, you must reimburse us for the cost and out-of-pocket expenses of the inspection or audit.</u>
Type of Fee	Amount (See Note 1)	Due Date	Remarks
			greater than 4%, in addition to the amounts owed to us, you must reimburse us for the cost and out-of-pocket expenses of the inspection or audit.

Interest Expenses	Will vary under the circumstances.	When due.	See Note 5.
Renewal Fee	\$ 2,500 <u>10,000</u>	Renewal of license.	See Note 6. <u>The \$10,000 amount will be adjusted annually in accordance with any annual change in the National Consumer Price Index.</u> See Item 17 for more- information on- renewal- requirements.
<u>Type of Fee</u>	<u>Amount (See Note 1)</u>	<u>Due Date</u>	<u>Remarks</u>
			<u>information on renewal requirements.</u>
Technology Fee	\$660 - \$2,850 per month.	When due.	Range covers the minimum of 3 Syteline licenses needed for a Tier 1 Business and the minimum of 2 Syteline licenses needed for a Tier 2 Business. Range also includes the minimum of 2 mobile licenses needed for a Tier 2 Business and the minimum of 4 mobile licenses needed for a Tier 1 Business. Amounts due to us and third party suppliers for software services, mobile technology, cyber security, and other communication

			lines and technology services. These fees may increase as the Computer System changes. See Item 11 for more information on computer network system requirements.
Type of Fee Insurance	Amount (See Note 1) \$2,000 - \$10,000 annual premium for liability insurance only; plus other annual premiums ranging	Due Date When premiums are due.	Remarks See Note 7
			may increase as the Computer System changes. See Item 11 for more information on computer network system requirements.
Type of Fee	Amount (See Note 1)	Due Date	Remarks
Insurance	\$2,000—\$10,000 annual premium for liability insurance only; plus other annual premiums ranging from \$4,000 - \$30,000 or more, which will vary under the circumstances.	When premiums are due.	See Note 7
Center Relocation Assistance Fee	\$2,000	When incurred.	Required only if you request our assistance in connection with the relocation of your Business.

Remodeling Expenses	A maximum of \$5,000 per year for each year that you operate the Business under the Franchise Agreement.	When incurred.	The \$5,000 amount will be adjusted annually in accordance with any annual change in the National Consumer Price Index. The \$5,000 per year limitation does not apply to modernization requirements upon renewal.
Costs and Attorneys' Fees	Will vary under circumstances.	When incurred.	You must pay us for our costs and attorneys' fees in obtaining injunctive or other relief for <u>the enforcement of the Franchise Agreement.</u>

Type of Fee	Amount (See Note 1)	Due Date	Remarks
Restocking Fee	15%	When incurred	We have the right, at our option, to purchase any or all Inventory Products in your possession or owned by you at the time of expiration or termination of the Franchise Agreement. If we exercise our unqualified right to purchase your Inventory Products, we will pay you the actual amount that you paid for such Inventory Products, less a 15% restocking fee, and less the cost of shipping. <u>unqualified right to</u>
<u>Type of Fee</u>	<u>Amount (See Note 1)</u>	<u>Due Date</u>	<u>Remarks</u>
			<u>purchase your Inventory Products, we will pay you the actual amount that you paid for such Inventory Products, less a 15% restocking fee, and less the cost of shipping.</u>

<u>Charge for purchasing products from unapproved suppliers</u>	<u>Profit that we would have earned had franchisee purchased product from Us, plus \$5,000 fee, attorney's fees, and other damages that may accrue</u>	<u>When incurred</u>	<u>If You purchase Inventory Products or Non-Inventory Items from third parties (and not from us) in violation of the Franchise Agreement, you will be required to pay us the profits we would have received had you purchased the items from Us. You will also be required to pay Us a \$5,000 fee for anticipated administrative expenses as well as our attorney's fees and any other damages that may accrue.</u>
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Notes:

- (1) Except where otherwise noted, all fees are payable to us and are not refundable.
- (2) "Gross Sales" means the total revenues and receipts from the sale of all products or services, whether the orders for products or services originated from or were accepted at or from the Business or at any other place. "Gross Sales" are net of any applicable sales tax and any sales credits.
- (3) We will determine annually the exact percentage of Gross Sales for the monthly Marketing Fee. The Marketing Fee for our ~~2024~~2025 fiscal year (January ~~2024~~2025 through December ~~2024~~2025) is 1.5%. See Item 11 for more information on marketing.
- (4) In addition to the Marketing Fees paid to us, you must spend at least an amount equal to ½ of your marketing Fees on approved local marketing. Your local advertising expenses may be paid directly to third parties, although we may require you to provide us by January 31 each year with an accounting of the monies that you have spent for the preceding year on approved local marketing, as further described in Item 11.
- (5) All rates owed to us by you will bear interest computed using a fluctuating interest rate equal to the interest rate per annum publicly announced by the Wall Street Journal as the

“prime” rate (currently the prime rate is the base rate on corporate loans posted by at least 75% of the nation’s 30 largest banks) as effective on the last day of the prior month plus 2% per annum, or the maximum contract rate of interest permitted by governing law, whichever is less, from and after the date of accrual thereof.

- (6) The transfer fee of the greater of \$15,000 or 5% of the sale price, and the renewal fee of ~~\$2,500~~10,000, are subject to increase each year based on the annual change in the Consumer Price Index as reported by the U.S. Department of Labor. If you are selling more than one Center, the transfer fee is the greater of \$15,000 or 5% of the sale price for each Center/franchise.
- (7) You must maintain in force general comprehensive liability insurance in a minimum amount and with the type of coverage we designate from time to time and depending on market conditions (currently, this is at least \$3,000,000 combined single limit per occurrence). We estimate that the average annual premium for this insurance coverage will be approximately \$2,000 - \$10,000 or more. Additionally, you must purchase and maintain in full force and effect business interruption insurance for actual losses sustained. You also must maintain in force insurance covering operation or maintenance of any building, equipment, MSSU motor vehicles that you own or lease in connection with your Business and any other insurance required by local, state or federal law. Insurance premiums for building, equipment and motor vehicles and other insurance required by law can vary dramatically depending on the type of building, equipment or vehicle and the state in which your Business is located, but the premiums should range from \$4,000 - \$30,000 or more. We may reasonably increase the minimum liability protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public or product liability litigation or other relevant changes in circumstances. Premiums are payable in amounts and at times as required by your insurers. You must submit all insurance coverage for our approval at least 14 days before you obtain possession of the Business premises. All insurance policies must name us as an additional insured and must provide that we will receive 30 days’ prior written notice of amendment, termination, expiration or cancellation of any policy. You must submit to us each year a copy of the certificate or other evidence of the issuance, renewal or extension of each insurance policy. If you fail to maintain the required insurance, we may obtain it on your behalf and you must reimburse us for costs incurred and premiums paid.
- (8) Before you or we can initiate arbitration or litigation in connection with a dispute under the Franchise Agreement, you will meet on an individual basis, with a member of our executive team, within two weeks of a request for such meeting. You are responsible for your own costs and expenses with respect to the meeting. If a party refuses to participate in the meeting, the refusing party must pay \$5,000 to the other.
- (9) If you conduct business in the territory or promotional zone of another PIRTEK franchisee or the territory of a corporate or affiliate center without written authorization and in violation of our then-current territory infringement policy, we reserve the right to charge you a territory infringement fee per our then current territory infringement policy, which

Leasehold Improvements (Note 6)	\$0 - \$37,000	As incurred	As incurred	Third Parties
Signs and Shop Equipment <u>Signage</u> (Note 7)	\$0 - \$80,000 <u>7,695</u>	Lump sum or installments if leased	Before opening	Us or Third Parties
Type of Expenditure <u>Shop Equipment</u> (Note 8)	Amount (Note 1) <u>\$2,500 - \$79,586</u>	Method of Payment <u>Lump sum or installments if leased</u>	When Due <u>Before opening</u>	To Whom Payment is to be Made <u>Us and/or Third Parties</u>
Mobile Sales & Service Units (Note 8 <u>9</u>)	\$20,000 - \$30,000	Lump sum or installments if leased	Before opening	Third Parties
Tracking System	\$300	As incurred	As incurred	Third Parties
Prepaid Rent and Security Deposit (Note 9 <u>10</u>)	\$700 - \$5,000	Lump sum	Before opening	Landlord
Opening Inventory (Note <u>11</u>)	\$55,000 <u>65,388</u> - \$120,000 <u>138,851</u>	As incurred	Before opening	Us and Third Parties
Insurance Premiums (Note 10 <u>12</u>)	\$20,000 - \$40,000	As incurred	Before opening	Insurance companies
Utility Deposits and Business Licenses (Note 11 <u>13</u>)	\$400 - \$3,000	As incurred	Before opening	Third parties
Attorneys' Fees (Note 12 <u>14</u>)	\$2,000 - \$5,000	Lump sum	As incurred	Attorney
<u>Consumables</u>	<u>\$700 - \$1400</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Us and/or Third Parties</u>
<u>Type of Expenditure</u> (Note <u>15</u>)	<u>Amount (Note 1)</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>

<u>Shop Supplies & Tools (Note 16)</u>	<u>\$3,957 - \$8,925</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Us and/or Third Parties</u>
<u>Safety Equipment (Note 17)</u>	<u>\$192 – 1,881</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Us</u>
<u>Freight/Delivery Charges (Note 18)</u>	<u>\$1,000 - \$9,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Third Parties</u>
Additional Funds – 5 Months (Note 13 19)	\$50,000 - \$200,000	As incurred	Before opening and as incurred	Employees, third parties, etc.
TOTAL (Note 1420)	\$216,400<u>235,137</u> - \$619,300<u>666,638</u>			

Notes:

- (1) General. This table includes the estimated initial investments for a Tier 1 Business and Tier 2 Business. The estimated minimum requirements will vary depending on factors like your financial condition and the arrangements and business decisions you make. Except where otherwise noted, all fees that you pay to us are nonrefundable. Third-party lessors and suppliers will decide if payments to them are refundable.

- (2) Initial Franchise Fee. The Initial Franchise Fee for Tier 1 Businesses and Tier 2 Businesses is \$55,000, and is payable in a lump sum to us when you sign the Franchise Agreement.

If you sign a Development Agreement, you must prepay the Initial Franchise Fees you would pay for ~~the first Service and Supply Center you commit to develop and fifty percent (50%) of the Initial Franchise Fee for each additional~~each Service and Supply Center you commit to develop under the Development Agreement upon signing the Development Agreement, which amounts will be credited toward the Initial Franchise Fees payable by you as you develop Service and Supply Centers under the Development Agreement. You will be required to sign a separate Franchise Agreement for each Service and Supply Center. The Initial Franchise Fees, Development Fees, and their refund policies are described in Item 5.

- (3) Opening Set-Up Fee. The low estimate assumes you operate a Tier 2 Business and will not pay the Opening Set-Up Fee. The high estimate assumes you operate a Tier 1 Business and ~~(3)~~will pay the Opening Set-Up Fee, which ranges from ~~\$5,000~~0 to \$14,000. The Opening ~~Set-Up~~Set-Up Fee is not refundable.

- (4) Initial Technology Start-Up Fee & Computer System. The Initial Technology Start-Up Fee is not refundable. The cost of the Computer System varies based on factors unique to your

business (such as strength of internet connection and others) that may necessitate special hardware or other unique components to achieve a network connection.

- (5) Training. You must pay the expenses for your attendees to attend our initial training program, including transportation, lodging, meals and wages. We describe our training program in Item 11. These costs will depend, in part, on the distance you must travel, the number of attendees you have, and the type of accommodations you choose.
- (6) Leasehold Improvements. The low estimate assumes you operate a Tier 2 Business and will not incur costs related to leasehold improvements.

The high estimate assumes you operate a Tier 1 Business and will incur costs related to leasehold improvements which range from \$5,000 to \$37,000. The PIRTEK Center premises for a Tier 1 Business will ordinarily be leased rather than owned. We estimate that the average center will have approximately 2,000 - 4,000 square feet or more. Your initial investment for leasehold improvements will vary depending upon local labor costs and whether the building is a completed structure immediately adaptable to installation of necessary fixtures and equipment or a location where construction is in progress. These variables affect how different obligations will be distributed between landlords and tenants under different lease agreements and the costs of acquisition and construction. We must approve all leasehold improvements prior to construction. Although the cost of leasehold improvements will vary depending upon the above-described factors, we estimate that the average cost of leasehold improvements will range between \$5,000 and \$37,000.

- ~~(7) Signs and Shop EquipmentSignage.~~ The low estimate assumes you operate a Tier 2 Business and will not incur costs related to ~~signs and shop equipment~~.

signage. The high estimate assumes you operate a Tier 1 Business and will incur costs related to ~~signs and shop equipment, which range from \$71,551 to \$80,000 (excluding sales tax)~~interior and exterior signage. Your investment in ~~signs and equipment~~signage is highly variable for your PIRTEK Center. The investment depends to a great extent on the size and location of your proposed center, local labor costs, current prices charged by ~~equipment~~suppliers, discretionary expenditures, inflation, financing costs and similar factors beyond our or your control. In order to ensure uniform quality of products and services throughout the PIRTEK system, you must purchase or lease signs ~~and equipment~~ that we have approved.

- (8) Shop Equipment. The low estimate assumes you operate a Tier 2 Business and includes the purchase of shelving units and storage bins for the proper storage of inventory.

The high estimate assumes you operate a Tier 1 Business and will incur costs related to shop equipment, retail counters, and other items necessary to operate. In order to ensure uniform quality of products and services throughout the PIRTEK system, you must purchase or lease equipment that we have approved.

The parties will determine the precise amount of any initial or periodic equipment payments at the time of the transaction. The payments ordinarily are not refundable.

Investment obligations beyond the initial cash outlay requirements will be necessary and you may finance at your discretion. Market forces will determine loan repayment totals and interest on borrowings will be determined by market forces at the time of any financing transaction.

- (9) ~~(8)~~ Mobile Sales & Service Units (MSSUs). We require that you operate a minimum of 2 MSSUs for a Tier 2 Business but recommend 3 MSSUs when you open your Tier 1 Business. The low estimate assumes you lease 2 MSSUs, and the high estimate assumes you lease 3 MSSUs. You must purchase or lease the MSSUs from approved third-party suppliers and outfit them with approved MSSU equipment purchased from us (except in the limited instances when you pay cash for the MSSUs rather than lease the MSSUs from approved third-party suppliers). If you lease the vehicles, you typically pay a down deposit of up to 10% for two fully-outfitted vans.
- (10) ~~(9)~~ Prepaid Rent and Security Deposit. You usually will be required to pay one-month base rent as a security deposit to the landlord. The low estimate assumes you operate a Tier 2 Business and are renting a storage facility. The high estimate assumes you operate a Tier 1 Business and are renting a store front. We estimate that for a PIRTEK center having 2,500 square feet the rental obligations will be approximately \$8.00 - \$16.00 or more per square foot base rent per year, although in certain parts of the country the security deposit and lease rates may be more. Leases also usually impose an obligation toward maintenance costs, insurance charges, real estate taxes and special assessments, utility charges, water and sewer charges, security charges, and other similar charges.
- (11) Opening Inventory. The low estimate assumes you operate a Tier 2 Business and includes the purchase of a standard Tier 2 Inventory Kit. The high estimate assumes you operate a Tier 1 Business and includes the purchase of a standard Tier 1 Inventory Kit.
- (12) ~~(10)~~ Insurance Premiums. See Item 6 for additional information on insurance.
- (13) ~~(11)~~ Utility Deposits and Business Licenses. This amount includes utility deposits and business licenses. Deposits are generally refundable, but license fees are not.
- (14) ~~(12)~~ Attorneys' Fees. This amount is an estimate for attorneys' fees in connection only with your purchase of the franchise.
- (15) Consumables. The low estimate assumes you operate a Tier 2 Business and includes the purchase of miscellaneous consumable products necessary for operations. The high estimate assumes you operate a Tier 1 Business.
- (16) Shop Supplies & Tools. The low estimate assumes you operate a Tier 2 Business and includes the purchase of various hand tools, saw blades, and other supplies necessary to operate. The high estimate assumes you operate a Tier 1 Business and includes the tools and supplies necessary to operate a Tier 1 Business.
- (17) Safety Equipment. The low estimate assumes you operate a Tier 2 Business and includes the purchase of safety equipment and Personal Protective Equipment (PPE) necessary to

operate. The high estimate assumes you operate a Tier 1 Business.

(18) Freight/Delivery Charges. You must pay for the shipment and delivery of various items, including inventory, equipment, shop supplies, retail counters, and other items. Shipping costs will vary per center and depend on a number of factors, including distance from the fulfillment facility, transportation method, and desired level of speed.

(19) ~~(13)~~ Additional Funds – 5 Months. This amount estimates your initial pre-opening and start-up expenses not otherwise mentioned in the Table, including advertising, employee wages, taxes, and telephone hook-up. The amounts are estimates based on our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our 25 years of experience in the Business. We cannot guarantee that you will not have additional expenses starting your Business. Your costs will depend on factors such as how

much you follow our systems and procedures, your management skills and experience, your business skills, local economic conditions, the local market for the PIRTEK Business, the prevailing wage rate, competition, additional expenses you choose to put into the business, and the sales level reached during the initial period.

(20) ~~(14)~~ Total. This total is an estimate of your initial investment for a Tier 1 Business or a Tier 2 Business, and is based upon our estimate of average costs and market conditions prevailing as of the date of this Disclosure Document and our 25 years of experience. ~~You should review this amount carefully with a business advisor before making any decision to purchase the franchise. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process.~~

If you convert your Tier 2 Business into a Tier 1 Business during the terms of the Franchise Agreement, you will incur additional investment costs. ~~Some of those costs could be higher than the costs included above.~~

Estimated Initial Investment for Area Development Agreement. If you sign an Area Development Agreement, your initial investment for your first Pirtek® Business is the same as disclosed in the Item 7 chart. You also will pay a one-time Development Fee as described in Item 5. This is the only additional initial investment under the Area Development Agreement. Your initial investment for your second and subsequent Pirtek® Business likely will be higher than the estimates listed in the chart for your Pirtek® Business due to inflation and other economic factors that may vary over time.

Item8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help assure a uniform image and uniform quality of products and services in all PIRTEK businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, you must improve and equip the building from which you operate your Business in accordance with our then current approved design

specifications and standards. In addition to meeting our design specifications and standards, it is your responsibility to ensure that your building plans comply with the Americans with Disabilities Act and all other federal, state and local laws. You also must use equipment (which includes MSSUs and hardware and software for the Technology, a computerized record-keeping system), signage, fixtures, furnishings, products, supplies and marketing and sales promotion materials that meet our specifications and standards.

The Franchise Agreement requires you to sell or use only those products and services that we have approved in writing. The purpose of this requirement is to ensure that all franchisees adhere to the uniformity requirements and quality standards associated with PIRTEK businesses. We are the only approved supplier of inventory products for resale to customers (“Inventory Products”). You must purchase designated Inventory Products from us, except in the limited instances to satisfy a customer’s immediate demands as described in the Manual. The Inventory Products include hydraulic, industrial and specialty hoses, hose fittings, adapters and accessories.

We have the right to add to, supplement, or modify the Inventory Products that you are required to purchase. In addition, we are the only approved supplier for the equipment necessary to outfit the MSSUs and all non-inventory items that contain the PIRTEK Marks. As of the date of this Disclosure Document, those items that contain the PIRTEK Marks include uniforms, printed forms like customer invoices and stationery, and promotional items like caps and pins, although this list may change during the term of the license granted in your Franchise Agreement. We are also ~~are~~ the only approved supplier for ~~some of the equipment necessary for the Technology, including the~~ much of the proprietary and other software, ~~modem, printer and printer accessories.~~

Upon request, we will periodically provide you with a list of approved suppliers for fixtures, equipment and other non-inventory items. We may modify the standards and specifications for these items from time to time. Except for designated Inventory Products, proprietary software and ~~certain hardware components and~~ other items that contain the PIRTEK Marks, you may make written request for approval of a specific item of an additional qualified vendor or supplier. We may grant our approval of the item if doing so will not create an inordinate number of vendors/suppliers (usually not more than 2) of the item. In addition, each vendor/supplier of a product must meet the following requirements: its item must comply with the applicable specifications and/or standards; the vendor/supplier’s facilities must be adequate to meet the needs of franchisees; ~~and~~ the vendor/supplier and its facilities must be accessible to periodic PIRTEK evaluation; and the proposed vendor must meet our Anti-Terrorism, Anti-Corruption, Anti-Money Laundering or Restricted Persons and Activities standards. We may charge the cost of evaluating a proposed new vendor/supplier and/or its item to you or the vendor/supplier. We do not make these specifications and/or standards generally available to franchisees or vendors/suppliers.

You must initiate the formal approval process to have a specific non-inventory item of an additional vendor/supplier approved (other than those items that contain the PIRTEK Marks). As part of this approval process, we may request the vendor/supplier to sign a confidentiality agreement and submit to us a sample of its specific item. We or a suitable testing facility or laboratory designated by us then will conduct tests and evaluations of the sample to determine whether the product conforms with the specifications and/or standards. We will notify the

vendor/supplier of our evaluation results by mail usually within 180-270 days after our receipt of the sample. The vendor/supplier also may be required to sign an applicable supplier agreement. We may revoke our appointment if the vendor/supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the vendor/supplier is not meeting the standards and specifications that we have established for that item or service.

In addition to purchasing approved products, you must install and use our designated Technology. The Technology contains required ~~hardware and~~ software components. ~~You, which you~~ must acquire ~~the proprietary software and certain parts of the hardware components~~ from us. Our current Technology is CloudSuite Industrial (SyteLine), which is an Enterprise Resource Planning (ERP) software package that all PIRTEK Centers will utilize to run their business operations. SyteLine is created and sold by Infor, which is a multi-national enterprise software company headquartered in New York, NY. You also must purchase and maintain insurance in the amounts and types of coverage designated in the following paragraph or that we designate periodically, and any other insurance required by law or any agreement related to the franchise business. You may use only marketing and promotional materials that we have approved.

You must maintain in force general comprehensive liability insurance in a minimum amount and with the type of coverage we designate from time to time and depending on market conditions (currently, this is at least \$3,000,000 combined single limit per occurrence). Additionally, you must purchase and maintain in full force and effect business interruption insurance for actual losses sustained. You also must maintain in force insurance covering operation or maintenance of any building, equipment, MSSU motor vehicles that you own or lease in connection with your Business and any other insurance required by local, state or federal law. We may reasonably increase the minimum liability protection requirement annually and require different or additional kinds of insurance to reflect inflation, changes in standards of liability, higher damage awards in public or product liability litigation or other relevant changes in circumstances. You must submit all insurance coverage for our approval at least 14 days before you obtain possession of the Business premises. All insurance policies must name us as an additional insured and must provide that we will receive 30 days' prior written notice of amendment, termination, expiration or cancellation of any policy. You must submit to us each year a copy of the certificate or other evidence of the issuance, renewal or extension of each insurance policy. If you fail to maintain the required insurance, we may obtain it on your behalf and you must reimburse us for costs incurred and premiums paid.

You may use only marketing and promotional materials that we have approved.

During the ~~2023~~2024 fiscal year, we derived revenue of \$~~34,199,840~~34,974,460 from the sale of Inventory Products, Technology Fees and other items described in this Item 8, or ~~84~~83% of our total revenues of \$~~40,787,599~~42,325,828 as noted in our ~~2023~~2024 audited financial statements included as an Exhibit to the Disclosure Document. We derive revenue from the sale of Inventory Products and other non-inventory items to you by charging more than our wholesale purchase price from the manufacturers. You will pay the then-current price in effect at the time for the Inventory Products and other non-inventory items. In many instances, the cost of the Inventory Products and other non-inventory items to you may be higher than the cost of other

hoses or other similar products on the market. We reserve the right to receive rebates and similar payments from approved suppliers based on franchisee purchases. During the ~~2023~~2024 fiscal year, the revenue we derived for rebates was

~~\$1,852,47,055~~ or ~~.005~~0.1% of our total revenues of \$ ~~40,787,599~~, ~~although none of these rebates were related to Inventory Products that you must purchase from us. In addition, during the 2023 fiscal year, our affiliate, Pirtek USA OEM, LLC, derived total revenue of \$ 61,307 from the sale of products directly~~42,325,828. We do not have any affiliates that sell or lease products or services to franchisees ~~based on the affiliates' unaudited financial records.~~

From time to time, we or another vendor or supplier may be the only approved supplier for non -Inventory Product items because of the lack of requests for approval of alternative vendors or supplies. For those non-Inventory Product items, we or an affiliate may provide certain administrative, technical, inspection, advisory and other services and data to certain suppliers in return for a fee as a result of transactions with franchisees, and this fee may range from 0% to 20% of the suppliers' sales to franchisees. We may be able to occasionally negotiate with third-party suppliers so that the suppliers may offer their products or services to franchisees at favorable or discount prices.

We estimate that your purchase of equipment, products, supplies and marketing materials from us or that meet our specifications and standards will represent approximately 65% to 75% or

applicable law. In addition, we have the right to negotiate Strategic Account arrangements, including pricing which will bind all Businesses providing services to such Strategic Accounts. (Section 6.N of the Franchise Agreement).

Marketing Programs. You must pay Marketing Fees to us in an amount equal to 1½ % to 3% of Gross Sales for marketing and promotion programs to promote the PIRTEK System and products. All franchisees in a designated marketing area (“DMA”) must contribute Marketing Fees at the same rate, and we or our affiliates will contribute Marketing Fees at the same rate for company or affiliate-owned centers in a particular DMA. We will notify you annually of the exact percentage of Gross Sales for the monthly Marketing Fee, except for any year in which it will remain unchanged. We may formulate, develop, and conduct marketing and promotion programs in a form and media we determine to be appropriate. Media used for marketing programs includes written publications and promotional pieces, and also may include television and radio in the future. We reserve the right to use the Marketing Fees to reimburse us for all costs that we incur related to the marketing and promotion programs, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development, production and administration of the marketing and promotion programs.

In addition to the Marketing Fees paid to us, you must spend at least an amount equal to ½ of your Marketing Fee on approved local marketing. You must submit all local marketing materials to us for our approval prior to use. Your general conduct on any web site or other on- line communication and specifically your use of the PIRTEK Marks or any advertising on a web site (including any domain names) or other communications is subject to our approval. We will not unreasonably withhold approval of any marketing materials that you propose to use, if your materials are factually accurate and current, conform to the highest standards of ethical marketing, and are in good condition and accurately depict the PIRTEK Marks. On or before January 31 of each year, we may require you to submit to us an accounting of the monies you have spent for the preceding year, together with copies/proof of all marketing. As of the date of this Disclosure Document, there are no advertising cooperatives.

We have no obligations to spend any amount on marketing in the area or Territory where you are located. For Marketing Fees not spent in any fiscal year, the excess will be carried over for future use. The Marketing Fees are not held in a trust or escrow account. You have no property rights of any kind with respect to the Marketing Fees, and we do not have any fiduciary obligations to you or other franchisees regarding the Marketing Fees. In addition, from time to time, we may loan money to assist in funding certain marketing programs, which money will be repaid out of the Marketing Fees with interest to us. During our ~~2023~~2024 fiscal year, use of the Marketing Fees was as follows:

~~Sponsorships~~ ~~39%~~ ~~Marketing Fund Rebate Program~~ ~~17%~~ ~~Media~~ ~~21%~~ ~~Agency~~ ~~12%~~ ~~Corporate Marketing Support~~ ~~2%~~

<u>Sponsorships</u>	<u>26.6%</u>
<u>National Digital Advertising Programs</u>	<u>18.9%</u>
<u>Marketing Support</u>	<u>18.8%</u>
<u>Marketing Fund Rebate Program and Sunbelt Rebate</u>	<u>17.7%</u>

<u>National Accounts Support and Advertising</u>	<u>8.1%</u>
<u>Creative Services and Social Media Management</u>	<u>5.6%</u>
<u>Marketing Software and Tools</u>	<u>2.2%</u>
<u>Conferences, Events, and Travel</u>	<u>1.5%</u>
<u>Charitable Partnerships</u>	<u>0.5%</u>
<u>Miscellaneous</u>	<u>0.1%</u>
<u>Contests</u>	<u>0.1%</u>
<u>Total</u>	<u>100%</u>

~~Software/Tools~~ _____ ~~3% Charity~~ _____ ~~1% Trade Shows~~ _____ ~~4% Promotions~~ _____ ~~1%~~
~~Total~~ = ~~100 %~~

Upon request, we will provide you with an unaudited financial report showing receipts and disbursements of the Marketing Fees. The Marketing Fees will not be used for advertising principally directed at the sale of franchises.

Technology Fee. You must install and use our designated computer system (“Computer System”), which currently costs approximately \$3,000 to \$5,000 in addition to the Initial Technology Start-up Fee noted below. This system may be modified from time to time in response to business, operations and marketing conditions (Section 6.J of Franchise Agreement). In connection with the Computer System/Technology (as defined below), you must sign a Computer Software License Agreement, a copy of which is included as Appendix E to the Franchise Agreement. As of December 31, ~~2023~~2024, the Computer System includes the following components:

- (1) The PC compatible hardware component, printer and its accessories.
- (2) The printer requirements include one PCL5 or PCL6 laser printer (network capable).
- (3) The required proprietary and other software for the Computer System (“Technology”), which consists of the proprietary SyteLine software system, which is an enterprise class software package designed for use in distribution companies. Syteline is built and deployed on Microsoft.NET technology platform and comprises “Windows Server” as the base operating system, SSQ Server as the underlying database, and a Microsoft.NET framework of core native Microsoft technologies to deliver the application.

You will have remote access to the ~~Computer System~~/Technology by a PC that is linked to our own computer server located in Florida. You will have access to your own database, which is stored on our Franchise Service Center computer server. You will be able to access all of your own business information, update existing information, produce reports, and view our Franchise Service Center’s product inventory. We will have independent access to all of this information for your center with no contractual limitation on our right to the information. You will not be able to implement, use, or otherwise engage with Artificial Intelligence Sources in the operation

of your business unless we have given our prior written consent. The term “Artificial Intelligence Sources” means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

The Computer System/Technology is utilized by all PIRTEK Centers. SyteLine is created and sold by Infor, which is a multi-national enterprise software company headquartered at 641 Avenue of the Americas New York, NY 10011 tel.no. +1 646 336 1700.

You must pay an Initial Technology Start-up Fee of \$8,000 to \$10,000 and a monthly Technology Fee between \$660-\$2,850. The annual cost of maintenance and support for the

Computer System/Technology will be shared on a pro-rated basis by you and all other end-users in the PIRTEK system. We will provide the maintenance and support. In addition, you are contractually obligated to pay the vendor for any upgrades or updates with no contractual limitation on the frequency or cost of the obligation, including upgrades that may link a mobile based computer on your MSSUs with the Computer System/Technology. Currently, we estimate the total annual maintenance upgrade and support obligations to cost approximately \$7,920 - \$34,200.

Site Selection. If you have not secured a location approved by us before you sign your Development Agreement or Franchise Agreement, as applicable, you must do so and construct and open the Service and Supply Center for business within 120-days from the date you sign the Development Agreement and Franchise Agreement. You must construct the location in accordance with our standards and the requirements in the Development Agreement and the Franchise Agreement. If you fail to open the Service and Supply Center within 120-days from the date you sign the Development Agreement, we reserve the right have the right to terminate or modify the Development Agreement including the Development Area. Such failure to comply with the Development Agreement may also result in a termination of your Franchise Agreement.

We do not select the site for your PIRTEK Service Center, although we must consent to the site. The general site selection criteria you should consider includes traffic patterns, ease of ingress and egress, size and cost of property, off-road area for loading and unloading, customer parking, demographic surveys, types of businesses in the general vicinity and other similar factors. You are solely responsible for locating a site that meets our standards and criteria and that is acceptable to us. We generally will respond within 30 days of your request for approval of a proposed site. If we do not approve the site you propose, we will permit you to examine alternative search areas for your site. The Franchise Agreement does not have any provision that addresses termination if you do not select a site within a prescribed time period, although your failure to open the Business within 120 days after signing the Franchise Agreement constitutes a default for which may terminate the agreement after 30 days if you fail open the Business. Our identification of, consent to, or acceptance of a site for a PIRTEK Business does not constitute a guarantee, recommendation, assurance or endorsement as to the success of the site of your Business.

From time to time you may be required to modernize, refurbish and replace buildings equipment, signage, display areas, furnishings and grounds in order to conform to our standards. The maximum amount that you will be required to spend on any such modernization, refurbishing

manner that reflects the customer 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 employees. You are solely responsible for ensuring that your employees receive adequate training.

Operations Manual. To help protect our reputation and goodwill and to maintain uniform operating standards under the Marks and Business, you must conduct your Business in accordance with the required standards and procedures contained in our Operations Manual and any other manuals created by us for, or approved for, use in the operation of your Business (collectively the “Manual”). We will provide you with access to the Manual during the term of your franchise. The current Manual table of contents is included in this Disclosure Document as Exhibit 11. As of the date of this Disclosure Document the Manual consists of ~~464~~174 pages.

Item 12

TERRITORY

The disclosures in this Item 12 apply to both the Tier 1 Business and Tier 2 Business franchises, unless stated otherwise.

Development Agreement

If we grant you the right to develop, open and operate multiple Service and Supply Centers under a Development Agreement, when you sign the Development Agreement, we will grant you the exclusive right to develop Centers in a mutually agreed upon geographic area (the “Development Area”). The size of the Development Area may range from a portion or all of a city, county, metropolitan area, or marketing area, depending on a number of factors, including but not limited to demographics and your financial and management resources. The Development Area will be described in the Development Agreement by specific geographic boundaries, such as latitude and longitude, specified counties, or a description of municipal boundaries. We, and/or our affiliates, will have the right to operate or franchise to other parties the right to operate and provide hose assembly orders for customers within the Development Area with requests that Developer would otherwise not have the capacity to handle due to resources, supply, pricing and/or potential margin, technical ability, or engineering skill as well as for national, regional or other accounts, referred to as Strategic Accounts, which Franchisor determines will benefit the PIRTEK System. Franchisor shall retain similar rights within the Territory defined in any Franchise Agreement signed under the Development Agreement.

Each Service and Supply Center you are obligated to develop and open under your Development Agreement is to be located at a location within your Development Area that has been approved by us. You will sign a Franchise Agreement for each Center on the date in the Development Schedule to the Development Agreement. When you sign the Franchise Agreement, we will grant you a Territory. Please refer to the disclosures below under the heading “Franchise Agreement.”

the terms of each Franchise Agreement you sign under the Development Agreement. If you default on the terms of the Development Agreement or your Franchise Agreements, we may, in addition to our other available remedies, terminate the Development Agreement, modify, reduce, and/or accelerate the Development Schedule, or terminate, modify, and/or reduce the Development Area, without your consent.

Only a Development Agreement grants the right to acquire additional franchises within a defined area. Under your Franchise Agreement, you do not receive an option, right of first refusal, or other right to acquire additional franchises.

Franchise Agreement

You are granted the right to operate your Business within a designated Territory, subject to certain limitations described below. As a result, you will not receive an exclusive territory. You may face competition from other franchisees, from other outlets we or our affiliates may operate, or from other channels of distribution or competitive brands that we or our affiliates control, operate or franchise. We do, however provide you with Territory protections as described below and in the Franchise Agreement.

The method used to describe territorial boundaries of franchises generally will be one or a combination of the following: county lines, highways, streets, zip codes or waterways. There is no minimum size territory that the franchisee will receive.

Territory Performance Standards

In exchange for granting you the rights within your Territory, we expect and require you to meet minimum performance standards in your Territory as follows (“Territory Performance Standards”). For the ~~2024~~2025 calendar year, the Territory Performance Standards for Tier 1 Business and Tier 2 Business franchisees will include each of the following components: (i) a minimum number of MSSU’s that you will be required to operate in the Territory, as we reasonably deem necessary in accordance with Section ~~5.F~~5E of the Franchise Agreement after meeting with you at a location we designate to discuss the overall performance of your Business (you and we agree that we can adjust the minimum number of MSSU’s during the term of the Agreement, although for new franchisees and new Centers, we require that you operate a minimum of 2 MSSUs when you open your Business); and (ii) an annual sales growth of 3% - 3½% for your Business on a year to year basis, although that sales growth requirement will not be used as a Territory Performance Standard for any year that 80% of our then-current Tier 1 Business in operation more than 12 months and for the full 12 month period do not achieve the annual sales growth requirement. We will designate the specific percentage between 3% and 3½% each year, with the percentage to remain unchanged from the prior year, unless we notify franchisees in writing prior to December 31.

~~1.~~ For ~~2024~~2025, the annual sales growth percentage is 3% and the minimum number of MSSU’s will be the same number the franchisee operated in ~~2023~~2024 (for new Centers the number of required MSSU’s is two).

If you do not meet the Territory Performance Standards, you will be subject to the


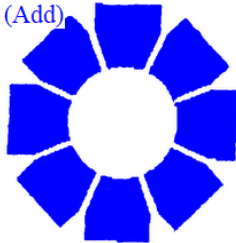

put some limitations on Strategic Accounts that we may develop for the PIRTEK system; (ii) provide hose assembly orders for customers with requests that franchisees would otherwise not

have the capacity to handle due to resources, supply, pricing and/or potential margin, technical ability, or engineering skill, while also being a production support arm when franchisees secure a large job ~~(currently, those services provided by OEM as described in Item 1)~~; and (iii) develop and operate and to license others to develop and operate the PIRTEK business at any location outside your Territory. Strategic Accounts are national, regional or other accounts we believe will benefit the system as further described in the Franchise Agreement or the Manuals, and Strategic Accounts may involve marketing in your Territory. If you agree to participate in servicing a Strategic Account, you must do so on the terms we specify, which terms may include, but may not be limited to, the provision of certain insurance, equipment, products and services, and the offer of services at prices not to exceed the maximum prices specified. Your failure to properly service a Strategic Account in your Territory may result in us authorizing another franchisee or us to service that Strategic Account.

We will not market the PIRTEK business within your Territory, except in the case where the marketing is part of the marketing programs described in Item 11, or is contained in a general publication (or media) with general distribution (or broadcast) within and outside the Territory, ~~or marketing related to OEM's activities (or any other affiliate) as described in the prior paragraph and Item 1~~. As further addressed in our current territory infringement policy, it is a violation of another PIRTEK franchisee's franchise agreement if that franchisee makes sales or service calls in your Territory without your permission or our permission as part of any Strategic Account business if you are unwilling or unable to satisfactorily service the Strategic Account, although (i) a franchisee's marketing in its territory may reach your Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within his territory/promotional zone and your Territory or (ii) a franchisee or its team in limited instances may make a sales call in your Territory if the service call will be done outside your Territory. The terms and conditions applicable to Strategic Accounts will be listed in the Manual or other written communications.

We are not required to pay you if we exercise any of the rights specified above in the foregoing paragraphs inside your Territory (including for soliciting or accepting orders in your Territory).

We retain all rights that are not expressly granted to you under the Franchise Agreement. We may, without compensation to any franchisee, and without granting you any rights, establish and/or license others to establish franchised or company-owned or affiliate-owned businesses at any location outside your Territory regardless of the proximity of such businesses to your Territory, unless you sign a Development Agreement. If you sign a Development Agreement, you will be granted the territorial rights described above. We may also merge with, acquire or become associated with any businesses of any kind (including those in competition with PIRTEK businesses) under other systems or other marks. Such businesses may convert to or operate under the Marks and may sell products and services that are the same as the products and services offered from your business and may be located anywhere inside or outside of your Territory. We also have the right to sell for ourselves or license others to sell through franchised businesses or any other method of distribution (including the internet), both inside and outside your Territory, products

PIRTEK (with design) (Mod) 	2,192,554	September 29, 1998
Principal Trademarks	U.S. Reg. No.	Registration Date
Cog (design only) (Add) 	2,201,392	November 3, 1998
(service mark) (Add) 	<u>2,726,273</u>	<u>June 17, 2003</u>

~~Under that certain Trademark and IP Assignment Agreement dated October 26, 2023 (“Trademark Assignment Agreement”) between Pirtek Fluid System Pty. Ltd., an Australian company incorporated in New South Wales (“PFS”) and us, PFS assigned to us, and we assumed, among other things, all right title and interest in and to the Marks and other trademarks and related trademark registrations in the United States, Mexico, and Canada (the “Transaction”). All of the Marks were originally registered and owned by PFS, however, subsequent to the closing of the Transaction, the registrations will be modified to reflect us as the owners of the Marks and related registrations. All required renewal and affidavit filings have been made if necessary.~~

We are the owners of the Marks and related registrations. All required renewal and affidavit filings have been made if necessary.

There are no currently effective determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in the United States.

Appendix C to your Franchise Agreement identifies the Marks that you are licensed to use. Appendix C includes the PIRTEK service marks identified above and other Marks. We have the right to change Appendix C from time to time. You may use the Marks only according to the Franchise Agreement and the Manual. You may not use, or permit the use of, any trademarks, trade names or service marks in operating the PIRTEK Business except the Marks or except as we otherwise direct in writing. You may use the Marks only with those products and services that we specify and only in the form and manner we specify 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 we approve and that meet our standards or requirements for quality, mode and condition of storage, production, preparation and sale, and portion and packaging. Your use of the Marks and any related goodwill is to our exclusive benefit, and you retain no rights in or to the Marks. You retain no rights to use the Marks upon termination of the 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 are not required to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Marks and will have the sole right to decide to pursue or settle any infringement actions related to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware and to cooperate with any action that we undertake. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you must make such changes or substitutions at your own expense.

~~As part of the assignment under the Trademark Assignment Agreement, PFS agreed that it has no license to use the Marks in all or any part of the United States, We are also the owners of the Marks in~~ Canada and Mexico ~~and we agreed that, but~~ we have no right to use or license use of the Marks outside the United States, Canada and Mexico.

~~We have acknowledged under the Trademark Assignment Agreement that while~~ While we own the Marks in Mexico, the trademark registrations in Mexico remain pending and are yet to be substantially examined by Instituto Mexicano de la Propiedad Industrial.

Item14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no registered patents, copyrights or pending patent applications that are material to the franchise, although we do claim copyright ownership and protection for our PIRTEK Franchise Agreement, Manual and for various sales promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or

Item15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

If you are an individual, you must directly supervise and manage your Business. If you are a corporation, partnership or other business entity, or if more than individual owns the franchise, you must designate in writing to us one individual who owns at least 25% of the franchisee (the “Controlling Owner”). The Controlling Owner must actively direct your affairs relating to the PIRTEK Business and is responsible for overseeing the general management of the day-to-day

operations of the PIRTEK Business. The Controlling Owner will be deemed to have authority to sign on your behalf on all contracts and commercial accounts. You also must designate an individual who personally invests his or her full time and attention and devotes his or her best efforts to the on-premises general management of the day-to-day operations of the PIRTEK Business (the “Designated Manager”), completes our full training program to our satisfaction prior to beginning the duties of the Designated Manager, and does not participate in the active operation or management of any business other than the PIRTEK Business. Any individual owner, Controlling Owner and Designated Manager must complete our training program as noted in Item

11. A Controlling Owner may serve in the role of Designated Manager. If a different individual than the Controlling Owner, the Designated Manager need not have an ownership interest in the franchisee entity; however, he or she may be required to sign a written agreement maintaining confidentiality of proprietary information.

Each individual who directly or indirectly owns a 10% or greater interest in a Franchisee must sign the personal undertaking and guarantee attached to the Franchise Agreement. ~~These Owners~~ The spouse of an owner must sign the personal undertaking and guarantee attached to the Franchise Agreement if the spouse directly owns or indirectly owns (i.e. through a trust, or ownership interest in a partnership, corporation, limited liability company or the like) a 10% or greater interest in Franchisee. The Owners described in this paragraph agree to discharge all obligations of the franchisee under the Franchise Agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information and abiding by the noncompete covenants described in Item 17.

Item16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require you to offer and sell only those products and services that we have approved (see Items 8 and 9). You must offer all products and services that we require. There are no limits on our right to make modifications to the approved products and services from time to time as set forth in the Manual or otherwise in writing. Any failure to comply with these standards may result in termination of your Franchise Agreement (see Item 17).

You may not use your place of Business, or any MSSU used in connection with your

Provision	Section in Franchise Agreement	Summary
		party or to an individual or entity already holding an interest in an entity franchisee. We may temporarily operate Business until we approve a transferee.
q. Non-competition covenants during the term of the franchise	Section 10.C	No direct or indirect involvement in the operation of any business selling products and services similar to those sold by your PIRTEK Business. (Subject to state law.)
r. Non-competition covenants after the franchise is terminated or expires	Section 10.C	No competing business for 2 years within the Territory or 25 miles of Territory or the territory of another PIRTEK center (subject to state law).
s. Modification of the agreement	Section 16.B	No modifications generally, but we may change Manual and list of Marks.
t. Integration/ merger clause	Section 16.B	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 13.A	Except for certain claims, all disputes must be arbitrated at a suitable location that is within 10 miles from our principal business address (which is currently in Rockledge, Florida) when the arbitration demand is filed (subject to state law).
v. Choice of forum	Section 16.I	Subject to Section 13A, litigation must be brought in the state or federal court of general jurisdiction located closest to where we have our principal business address when the action is commenced (subject to state law).
<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>

		<u>general jurisdiction located closest to where we have our principal business address (which is currently in Rockledge, Florida) when the action is commenced (subject to state law).</u>
w. Choice of law	Section 16.I	Florida law applies (subject to state law).

Certain states require franchisors to make additional disclosures related to the information contained in this Disclosure Document. If applicable, these additional disclosures will be furnished to you immediately following Item 23 and in Exhibit 3 to this Disclosure Document.

Remainder of the page intentionally blank.

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

Provision	Section in the Development Agreement	Summary
a. Length of the development rights term	Section 4.1	The term expires on the last opening date on the schedule for development of the franchises.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for developer to renew or extend	Not applicable	Not applicable
d. Termination by developer	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 7	We may terminate the Development Agreement only if you default.
g. “Cause” defined-curable defaults	Section 7.2	You can avoid termination of the Development Agreement if you cure a default arising from your failure to comply with mandatory specifications in the Development Agreement within 30 days of receiving our notice of termination.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

A. Reports on Gross Sales for the Period January 1, 20232024 to December 31, 20232024

The sales figures listed below include average and median Gross Sales derived from historical operating results of the franchised businesses indicated for the time periods covered. We obtained these sales figures from information provided to us by our franchisees for the period from January 1, 20232024 through December 31, 20232024 (the “Full 20232024 Reporting Period”).

On December 31, 20232024, there were 141162 U.S. PIRTEK Franchised Centers open and 116138 were in continuous operation during the entire calendar year. The analysis set forth below is based on the average yearly gross sales and median sales for those 116138 PIRTEK Centers for 20232024. Of the 116138 PIRTEK Centers open and in continuous operation as of December 31, 2023, 93were2024, 102 were Tier 1 Centers and 2336 were Tier 2 Centers. The information provided in Tables 1 and 2 does not include data from 2524 franchised businesses that opened during the year 20232024 and therefore were not in operation for the Full 20232024 Reporting Period. No U.S. franchises opened and closed during the 12 month period of the Full 20232024 Reporting Period.

The following tables refer to “Gross Sales.” “Gross Sales” includes cash and credit sales as well as any goods or services received by the franchisee in exchange for goods and services sold at the PIRTEK Center. “Gross Sales” does not include sales or use taxes.

TABLE 1

Gross Sales **Centers Operating for the Entire 2024 Calendar Year**

Table 1 provides Gross Sales for all 2024 Full Year Operational Centers, with a separate breakdown for Tier 1 Centers and Tier 2 Centers.

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

<u>Type of Center</u>	<u>Number of Centers</u>	<u>Average Gross Sales</u>	<u># and % of Centers that met or exceeded the average (Note 1)</u>	<u>Median Gross Sales</u>
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<u>All Franchised Centers</u>	<u>138</u>	<u>\$1,072,875</u>	<u>61/44%</u>	<u>\$937,025</u>
<u>Type of Center</u>	<u>Number of Centers</u>	<u>Average Gross Sales</u>	<u># and % of Centers that met or exceeded the average (Note 1)</u>	<u>Median Gross Sales</u>
<u>Tier 1 Centers</u>	<u>102</u>	<u>\$1,286,739</u>	<u>39/38%</u>	<u>\$1,133,899</u>
<u>Tier 2 Centers</u>	<u>36</u>	<u>\$466,926</u>	<u>13/36%</u>	<u>\$392,186</u>

Note 1. The highest and lowest reported Gross Sales for the 138 operational PIRTEK Centers included in the average were \$3,471,639 and \$52,035, respectively. The highest and lowest reported Gross Sales for the 102 Tier 1 PIRTEK Centers included in the average were \$3,471,639 and \$297,980, respectively. The highest and lowest reported Gross Sales for the 36 Tier 2 PIRTEK Centers included in the average were \$1,392,577 and \$52,035, respectively.

TABLE 2

**Gross Sales by “Time Period”
for the Entire 2024 Calendar Year**

Table 2 provides Gross Sales for all 2024 Full Year Operational Centers separated by the number of years each Center has been in operation.

<u># of Full Calendar Years</u>	<u>Number of Centers</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>5+*</u>	<u>80</u>	<u>\$1,378,459</u>	<u>\$3,471,639</u>	<u>\$1,231,883</u>	<u>\$265,577</u>	<u>35/44%</u>	<u>45/56%</u>
<u>3-4</u>	<u>24</u>	<u>\$738,576</u>	<u>\$1,283,883</u>	<u>\$729,077</u>	<u>\$163,288</u>	<u>12/50%</u>	<u>12/50%</u>
<u>1-2</u>	<u>34</u>	<u>\$589,829</u>	<u>\$1,755,729</u>	<u>\$498,980</u>	<u>\$52,035</u>	<u>14/41%</u>	<u>20/59%</u>

* The highest number of years of operation by a franchisee in this category is 26 years.

B. Reports on Gross Sales for the Period January 1, 2023 to December 31, 2023

The sales figures listed below include average and median Gross Sales derived from

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historical operating results of the franchised businesses indicated for the time periods covered. We obtained these sales figures from information provided to us by our franchisees for the period from January 1, 2023 through December 31, 2023 (the “Full 2023 Reporting Period”).

On December 31, 2023, there were 141 PIRTEK Centers open and 116 were in continuous operation during the entire calendar year. The information set forth below is based on the average yearly gross sales and median sales for those 116 PIRTEK Centers for 2023 (the “2023 Full Year Operational Centers”). The information provided in Tables 3 and 4 does not include data from 25 franchised businesses that opened during the year 2023 and therefore were not in operation for the Full 2023 Reporting Period. One business opened and closed during the 12 month period of the Full 2023 Reporting Period.

Of the 116 PIRTEK Centers open and in continuous operation as of December 31, 2023, 93 were Tier 1 Centers and 23 were Tier 2 Centers.

The following tables refer to “Gross Sales.” “Gross Sales” includes cash and credit sales as well as any goods or services received by the franchisee in exchange for goods and services sold at the PIRTEK Center. “Gross Sales” does not include sales or use taxes.

TABLE ~~4~~3
Systemwide Gross Sales
Centers Operating for the Entire 2023 Calendar Year

Table ~~4~~3 provides Gross Sales for all ~~2023 Full~~2023 Full Year Operational Centers, with a separate breakdown for Tier 1 Centers and Tier 2 Centers.

Type of Center	Number of Centers	Average Gross Sales	# and % of Centers that met or exceeded the average (Note 1)	Median Gross Sales
All Franchised Centers	116	\$1,159,387 <u>\$1,159,382</u>	5251/4544 %	\$1,074,723 <u>\$1,068,512</u>
Tier 1 Centers	93	\$1,327,578 <u>\$1,318,314</u>	4241/4544 %	\$1,219,934
Tier 2 Centers	23	\$479,315 <u>\$466,741</u>	9/39%	\$385,432 <u>\$466,834</u>

Note 1. The highest and lowest reported Gross Sales for the 116 operational PIRTEK Centers included in the average were \$2,888,279 and ~~\$42,118, respectfully~~\$158,464, respectively. The highest and lowest reported Gross Sales for the 93 Tier 1 PIRTEK Centers included in the average were \$2,888,279 and \$176,026, respectively. The highest and lowest reported Gross Sales for the 23 Tier 2 PIRTEK Centers included in the average were \$1,799,148 and ~~\$42,118~~\$158,464, respectively.

TABLE 4

**Gross Sales by “Time Period”
for the Entire 2023 Calendar Year**

Table [24](#) provides Gross Sales for all 2023 Full Year Operational Centers separated by the number of years each Center has been in operation.

# of Full Calendar Years	Number of Centers	Average Gross Sales	High	Median	Low	Number & % Above Average	Number & % Below Average
5+*	73	\$1,417,205 \$411,222	\$2,888,279	\$1,333,272 \$305,927	\$176,026	3332/4544 %	4041/5556 %
3-4	19	\$848,429 \$76,327	\$1,436,216	\$925,630 \$18,065	\$42,118 \$6,109	109/5347 %	910/4753 %
1-2	24	\$621,367 \$17,451	\$1,799,148	\$574,880	\$158,464	9/38%	15/63%

* The highest number of years of operation by a franchisee in this category is 25 years.

C. B. Reports on Gross ~~Sales~~ Profit for the Period January 1, ~~2022~~2024 to December 31, ~~2022~~2024

The ~~sales~~Gross Profit figures listed below include average and median Gross ~~Sales~~Profit derived from historical operating results of the franchised businesses indicated for the time periods covered. We obtained these ~~sales~~—figures from information provided to us by our franchisees for the period from January 1, ~~2022~~2024 through December 31, ~~2022~~2024 (the “Full ~~2022~~2024 Reporting Period”).

On December 31, ~~2022~~2024, there were ~~119~~[162](#) U.S. PIRTEK ~~Franchised~~ Centers open and ~~104~~[138](#) were in continuous operation during the entire calendar year. The ~~information~~analysis set forth below is based on the average yearly gross ~~sales~~profit and median ~~sales~~gross profit for those ~~104~~[138](#) PIRTEK Centers for ~~2022~~—(the “~~2022 Full Year Operational~~2024. Of the ~~138~~ PIRTEK Centers”) ~~open and in continuous operation as of December 31, 2024, 102 were Tier 1 Centers and 36 were Tier 2 Centers.~~ The information provided in Tables ~~35~~ and ~~46~~ does not include data from ~~12~~[24](#) franchised businesses that opened during the year ~~2022~~2024 and therefore were not in operation for the Full ~~2022~~2024 Reporting Period. ~~One business~~No U.S. ~~franchises~~ opened and closed during the 12-month period of the Full ~~2022~~2024 Reporting Period.

~~Of the 104 PIRTEK Centers open and in continuous operation as of December 31, 2022, 78 were Tier 1 Centers and 26 were Tier 2 Centers.~~

TABLE 4

The following tables refer to “Gross Profit.” “Gross Profit” is defined as Gross Sales minus Cost of Goods Sold. “Gross Sales” includes cash and credit sales as well as any goods or services received by the franchisee in exchange for goods and services sold at the PIRTEK Center. “Gross sales” does not include sales or use taxes. Cost of Goods Sold reported to us by the franchisees only includes the cost of product sold. No other allocations of Labor or Direct Cost are considered Cost of Goods Sold.

TABLE 5
Gross Profit
Centers Operating for the Entire 2024 Calendar Year

Table 5 provides Gross Profit for all 2024 Full Year Operational Centers, with a separate breakdown for Tier 1 Centers and Tier 2 Centers.

<u>Type of Center</u>	<u>Number of Centers</u>	<u>Average Gross Profit</u>	<u># and % of Centers that met or exceeded the average (Note 1)</u>	<u>Median Gross Profit</u>
<u>All Franchised Centers</u>	<u>138</u>	<u>\$800,980</u>	<u>57/41%</u>	<u>\$692,033</u>
<u>Tier 1 Centers</u>	<u>102</u>	<u>\$955,514</u>	<u>42/41%</u>	<u>\$865,910</u>
<u>Tier 2 Centers</u>	<u>36</u>	<u>\$363,132</u>	<u>13/36%</u>	<u>\$317,855</u>

Note 1. The highest and lowest reported Gross Profit for the 138 operational PIRTEK Centers included in the average were \$2,607,093 and \$46,015, respectively. The highest and lowest reported Gross Profit for the 102 Tier 1 PIRTEK Centers included in the average were \$2,607,093 and \$166,214, respectively. The highest and lowest reported Gross Profit for the 36 Tier 2 PIRTEK Centers included in the average were \$1,032,847 and \$46,015, respectively.

TABLE 6
Gross Profit by “Time Period”
for the Entire 2024 Calendar Year

Table 6 provides Gross Profit for all 2024 Full Year Operational Centers separated by the number of years each Center has been in operation.

<u># of Full Calendar Years</u>	<u>Number of Centers</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>5+*</u>	<u>80</u>	<u>\$1,026,166</u>	<u>\$2,607,093</u>	<u>\$956,079</u>	<u>\$155,562</u>	<u>33/41%</u>	<u>47/59%</u>
<u>3-4</u>	<u>24</u>	<u>\$556,299</u>	<u>\$947,919</u>	<u>\$588,884</u>	<u>\$127,690</u>	<u>13/54%</u>	<u>11/46%</u>
<u>1-2</u>	<u>34</u>	<u>\$443,845</u>	<u>\$1,106,963</u>	<u>\$366,480</u>	<u>\$46,015</u>	<u>14/41%</u>	<u>20/59%</u>

TABLE 5

* The highest number of years of operation by a franchisee in this category is 26 years.

D. Reports on Gross Profit for the Period January 1, 2023 to December 31, 2023

The Gross Profit figures listed below include average and median Gross Profit derived from historical operating results of the franchised businesses indicated for the time periods covered. We obtained these figures from information provided to us by our franchisees for the period from January 1, 2023 through December 31, 2023 (the “Full 2024 Reporting Period”).

On December 31, 2023, there were 141 U.S. PIRTEK Franchised Centers open and 116 were in continuous operation during the entire calendar year. The analysis set forth below is based on the average yearly gross profit and median gross profit for those 116 PIRTEK Centers for 2023. Of the 116 PIRTEK Centers open and in continuous operation as of December 31, 2023, 93 were Tier 1 Centers and 23 were Tier 2 Centers. The information provided in Tables 7 and 8 does not include data from 25 franchised businesses that opened during the year 2023 and therefore were not in operation for the Full 2023 Reporting Period. No U.S. franchises opened and closed during the 12-month period of the Full 2023 Reporting Period.

The following tables refer to “Gross ~~Sales~~ Profit.” “Gross Profit” is defined as Gross Sales minus Cost of Goods Sold. “Gross Sales” includes cash and credit sales as well as any goods or services received by the franchisee in exchange for goods and services sold at the PIRTEK Center. “Gross ~~Sales~~ sales” does not include sales or use taxes. Cost of Goods Sold reported to us by the franchisees only includes the cost of product sold. No other allocations of Labor or Direct Cost are considered Cost of Goods Sold.

TABLE 37

**~~Systemwide~~ Gross ~~Sales~~ Profit
Centers Operating for the Entire ~~2022~~ 2023 Calendar Year**

Table 37 provides Gross ~~Sales~~ Profit for all ~~2022~~ 2023 Full Year Operational Centers, with a separate breakdown for Tier 1 Centers and Tier 2 Centers.

Type of Center	Number of Centers	Average Gross Sales Profit	# and % of Centers that met or exceeded the average (Note 1)	Median Gross Sales Profit
All Franchised Centers	104 116	\$ 1,181,138 884,061	45 49/ 43 42%	\$ 1,100,340 810,825
Tier 1 Centers	78 93	\$ 1,390,075 1,003,464	32 40/ 41 43%	\$ 1,239,087 916,330
Tier 2 Centers	26 23	\$ 554,329 401,259	11 9/ 42 39%	\$ 492,077 344,615

TABLE 5

~~(Note 1) — The highest and lowest reported Gross Sales for the 104 2022 Full Year Operational Centers included in the average were, \$2,751,492 and \$21,505 respectively. The highest and lowest reported Gross Sales for the 78 Profit for the 116 operational PIRTEK Centers included in the average were \$2,189,753 and \$53,413, respectfully. The highest and lowest reported Gross Profit for the 93 Tier 1 PIRTEK Centers included in the average were \$2,751,492, \$189,753 and \$41,238, \$149,497, respectively. The highest and lowest reported Gross Sales Profit for the 2623 Tier 2 PIRTEK Centers included in the average were \$1,395,226, \$1,383,930 and \$21,505, \$53,413, respectively.~~

TABLE 48

Gross Sales Profit by “Time Period” for the Entire 2022 2023 Calendar Year

Table 48 provides Gross Sales Profit for all 2022 2023 Full Year Operational Centers separated by the number of years each Center has been in operation.

# of Full Calendar Years	Number of Centers	Average Gross Sales Profit	High	Median	Low	Number & % Above Average	Number & % Below Average
5+*	6673	\$1,473,176,071,692	\$2,751,492,189,753	\$1,371,796,998,442	\$21,50514,9497	3034/4547%	3639/5553%
3-4	1419	\$801,2826,54,738	\$1,315,2471,197,497	\$736,2286,12,098	\$211,3745,3,413	79/5047%	710/5053%
1-2	24	\$599,6174,94,898	\$1,395,2261,383,930	\$552,9544,53,602	\$41,23812,4,704	1511/6346%	913/3854%

* The highest number of years of operation by a franchisee in this category is 2526 years.

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

Written substantiation for these financial performance representations will be made available to a prospective franchisee upon 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

Item 19

OUTLETS AND FRANCHISEE INFORMATION

Table No. 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 Year	Net Change
Franchised Outlets	2021 2022	90 106	11 105 9	+15 +13
	2022 2023	105 119	119 141	+14 +22
	2023 2024	119 141	141 162	+22 +21
Company - Owned	2021	7	3	-4
<u>Company-Owned</u>	2022	3	0	-3
	2023	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	2021 2022	97 109	11 108 8	+11 +12
	2022 2023	108 119	14 119 1	+11 +22
	2023 2024	119 141	16 141 2	+22 +21

*Table 1: All numbers are as of December 31, 2024, 2023, and 2022. The numbers are for PIRTEK franchisees and company- owned/affiliate locations in the United States and include Tier 1 and Tier 2 franchises.

Table No. 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
-------	------	---------------------

Colorado	2021	0
Colorado	2022	1
	2023	0
Florida	20212024	0
	2022	2
	2023	0
Indiana	2021	2
	2022	0
	2023	0

~~** Table 1: All numbers are as of December 31, 2023, 2022, and 2021. The numbers are for PIRTEK franchisees and company-owned/affiliate locations in the United States and include Tier 1 and Tier 2 franchises.~~

~~* Table 2: All numbers are as of December 31, 2023, 2022, and 2021. The numbers are for PIRTEK franchisees in the United States. States not listed had no transfer activity to report during the relevant time period.~~

<u>State</u>	<u>Year</u>	<u>Number of Transfers</u>
<u>Florida</u>	<u>2022</u>	<u>2</u>
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>3</u>
Missouri	2021 <u>2022</u>	0
	<u>2023</u>	<u>2</u>
	<u>2024</u>	<u>1</u>
<u>North Carolina</u>	2022	0
	2023	2 <u>0</u>
Ohio	2021 <u>2024</u>	0 <u>2</u>
<u>Ohio</u>	2022	1
	2023	0
Pennsylvania	2021 <u>2024</u>	0
<u>Pennsylvania</u>	2022	1
	<u>2023</u>	<u>0</u>
	<u>2024</u>	<u>0</u>
<u>Tennessee</u>	<u>2022</u>	<u>0</u>
	2023	0
Texas	2021 <u>2024</u>	3 <u>1</u>
<u>Texas</u>	2022	5
	2023	0
Virginia	2021 <u>2024</u>	0 <u>3</u>
<u>Virginia</u>	2022	2
	2023	0
Wisconsin	2021 <u>2024</u>	0
<u>Wisconsin</u>	2022	0
	2023	1
Total	2021 <u>2024</u>	5 <u>0</u>
<u>Total</u>	2022	12
	2023	3
	<u>2024</u>	<u>10</u>

* Table 2. All numbers are as of December 31, 2024, 2023, and 2022. The numbers are for PIRTEK franchisees in the United States. States not listed had no transfer activity during the relevant time period.

Table No. 3
Status of Franchised Outlets For
Years ~~2021~~2022 to 2023^{*}2024^{*}

State	Year	Outlet <u>sOutlets</u> at Start of Year	Outlets Opened	<u>Terminations</u>	Termination <u>Non-</u> Renewal <u>Renewals</u>	Reacquired <u>Reacquired</u> by Franchisor	Ceased <u>Operations</u> for Other Reasons	Outlets <u>sOutlets</u> at End of the- Year <u>year</u>
Alabama	2021	2	1	0	0	0	0	3
<u>Alabama</u>	2022	3	0	<u>0</u>	00	0	0	3
	2023	3	1	<u>0</u>	00	0	0	4
Arizona	2021 <u>2024</u>	24	0	<u>0</u>	0 1	0	0	14
<u>Arizona</u>	2022	1	0	<u>0</u>	00	0	0	1
	2023	1	1	<u>0</u>	00	0	0	2
California	2021 <u>2024</u>	82	0	<u>0</u>	0 1	0	0	72
<u>California</u>	2022	7	0	<u>0</u>	00	0	0	7
	2023	7	2	<u>0</u>	00	0	0	9

*-All numbers are as of December 31, 2023, 2022, and 2021. The numbers are for PIRTEK franchisees in the United States. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time. States not listed had no franchised activity to report during the relevant time period.

Colorado	2021 <u>2024</u>	39	01	<u>1</u>	00	0	0	39
<u>Colorado</u>	2022	3	0	<u>0</u>	00	0	0	3
	2023	3	1	<u>0</u>	00	0	0	4
Florida	2021 <u>2024</u>	104	10	<u>0</u>	00	40	0	154
<u>Florida</u>	2022	15	13	<u>0</u>	00	20	0	18
	2023	18	0	<u>0</u>	0 2	0	02	16
Georgia	2021 <u>2024</u>	616	0	<u>0</u>	00	0	0	616
<u>Georgia</u>	2022	6	2	<u>0</u>	00	0	0	8

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	2023	8	4	<u>0</u>	0	0	0	12
	<u>2024</u>	<u>12</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
Illinois <u>Idaho</u>	2021 <u>2022</u>	6 <u>0</u>	0	<u>0</u>	0	0	0	6 <u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Illinois</u>	2022	6	0	<u>0</u>	0	0	0	6
	2023	6	0	<u>0</u>	0	0	0	6
Indiana	2021 <u>2024</u>	2 <u>6</u>	0	<u>0</u>	0	0	0	2 <u>6</u>
<u>Indiana</u>	2022	2	0	<u>0</u>	0	0	0	2
	2023	2	2	<u>0</u>	0	0	0	4
Iowa	2021 <u>2024</u>	0 <u>4</u>	0	<u>0</u>	0	0	0	0 <u>4</u>
<u>Iowa</u>	2022	0	1	<u>0</u>	0	0	0	1
	2023	1	0	<u>0</u>	0	0	0	1
Kentucky	2021 <u>2024</u>	0 <u>1</u>	0	<u>0</u>	0	0	0	0 <u>1</u>

* Table 3. All numbers are as of December 31, 2024, 2023, and 2022. The numbers are for PIRTEK franchisees in the United States. If multiple events occurred affecting an outlet, this table shows the event that occurred last in time. States not listed had no franchised activity to report during the relevant time period.

<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewal</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operation/ Other Reasons</u>	<u>Outlets at End of the Year</u>
<u>Kentucky</u>	2022	0	1	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Louisiana	2021 <u>2024</u>	1 <u>2</u>	0	0	0	0	0	1 <u>2</u>
<u>Louisiana</u>	2022	1	1	0	0	0	0	2
	2023	2	0 <u>1</u>	0	0	0	0	2 <u>3</u>
Maryland	2021 <u>2024</u>	2	0 <u>1</u>	0	0	0	0	2 <u>3</u>
<u>Maryland</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021 <u>2024</u>	1 <u>2</u>	1 <u>0</u>	0	0	0	0	2
<u>Massachusetts</u>	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2021 <u>2024</u>	6 <u>2</u>	0 <u>1</u>	0	0	0	0	6 <u>3</u>

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Michigan	<u>024</u>							
	2022	6	0	0	0	0	0	6
<u>Michigan</u>	2023	6	1	0	0	0	0	7
Minnesota	<u>2021</u> <u>2</u> <u>024</u>	<u>37</u>	<u>02</u>	0	0	0	0	<u>39</u>
	2022	3	0	0	0	0	0	3
<u>Minnesota</u>	2023	3	1	0	0	0	0	4
Missouri	<u>2021</u> <u>2</u> <u>024</u>	<u>34</u>	<u>10</u>	0	0	0	0	4
	2022	4	0	0	0	0	0	4
<u>Missouri</u>	2023	4	0	0	0	0	0	4
Nevada	<u>2021</u> <u>2</u> <u>024</u>	<u>04</u>	0	0	0	0	0	<u>04</u>
	2022	0	0	0	0	0	0	0
<u>Nevada</u>	2023	0	1	0	0	0	0	1
New Jersey	<u>2021</u> <u>2</u> <u>024</u>	<u>21</u>	0	0	0	0	0	<u>21</u>
	2022	2	0	0	0	0	0	2
<u>New Jersey</u>	2023	2	0	0	0	0	0	2
New Mexico	<u>2021</u> <u>2</u> <u>024</u>	<u>02</u>	<u>10</u>	0	0	0	0	<u>12</u>
	2022	1	0	1	0	0	0	0
<u>New Mexico</u>	2023	0	0	0	0	0	0	0
New York	<u>2021</u> <u>2</u> <u>024</u>	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
<u>New York</u>	2023	1	0	0	0	0	0	1
North Carolina	<u>2021</u> <u>2</u> <u>024</u>	<u>41</u>	1	0	0	0	0	<u>52</u>
	2022	5	3	1	0	0	0	7
<u>North Carolina</u>	2023	7	0	<u>10</u>	0	0	<u>01</u>	6
<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewal</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operation/ Other Reasons</u>	<u>Outlets at End of the Year</u>
Ohio	<u>2021</u> <u>2</u> <u>024</u>	<u>26</u>	<u>21</u>	0	0	0	0	<u>47</u>
	2022	4	0	0	0	0	0	4
<u>Ohio</u>	2023	4	2	0	0	0	0	6

Litera Comparison of 2024 FDD (Clean) - Initial and 2025 Pirtek FDD (clean) 03/31/2025

Pennsylvania	2021 <u>2024</u>	26	0	0	0	0	0	26
<u>Oklahoma</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Oregon</u>	<u>2022</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>2024</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
<u>Pennsylvania</u>	2022	2	0	0	0	0	0	2
	2023	2	1 <u>0</u>	0	0	0	0	3 <u>2</u>
South Carolina	2021 <u>2024</u>	12	1 <u>0</u>	0	0	0	0	2
<u>South Carolina</u>	2022	2	0	1 <u>0</u>	0	0	0 <u>1</u>	1
	2023	1	0	0	0	0	0	1
Tennessee	2021 <u>2024</u>	3 <u>1</u>	0	0	0	0	0	3 <u>1</u>
<u>Tennessee</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Texas	2021 <u>2024</u>	12 <u>3</u>	1 <u>2</u>	0 <u>1</u>	0	0	0	13 <u>4</u>
<u>Texas</u>	2022	13	2	0	0	0	0	15
	2023	15	7	0	0	0	0	22
Utah	2021 <u>2024</u>	3 <u>22</u>	0 <u>11</u>	0 <u>1</u>	0	0	0	3 <u>32</u>
<u>Utah</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Virginia	2021 <u>2024</u>	1 <u>3</u>	0	0	0	0	0	1 <u>3</u>
<u>Virginia</u>	2022	1	1 <u>2</u>	0	0	1 <u>0</u>	0	3
	2023	3	0	0	0	0	0	3
Washington	2021 <u>2024</u>	3	0	0	0	0	0	3
<u>Washington</u>	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Wisconsin	2021 <u>2024</u>	2 <u>3</u>	2 <u>0</u>	0	0	0	0	4 <u>3</u>
<u>Wisconsin</u>	2022	4	1	0	0	0	0	5
	2023	5	0	0	0	0	0	5

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[Link-to-previous setting changed from on in original to off in modified.].

PIRTEK FDD –

Puerto Rico	2021 <u>2024</u>	0 <u>5</u>	1 <u>0</u>	0	0	0	0	1 <u>5</u>
<u>Puerto Rico</u>	2022	1	0	0	0	0	0	1
<u>State</u>	<u>Year</u>	<u>Outlets at Start of Year</u>	<u>Outlets Opened</u>	<u>Terminations</u>	<u>Non-Renewal</u>	<u>Reacquired by Franchisor</u>	<u>Ceased Operation/ Other Reasons</u>	<u>Outlets at End of the Year</u>
	2023	1	0	0	0	0	0	1
Total	2021 <u>2024</u>	90 <u>1</u>	13 <u>0</u>	2 <u>0</u>	0	4 <u>0</u>	0	105 <u>1</u>
<u>Total</u>	2022	105	14 <u>17</u>	3 <u>2</u>	0	3 <u>0</u>	0 <u>1</u>	119
2023	<u>2023</u>	<u>119</u>	<u>25</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>141</u>
	25	0						
		0						
		0						
119	<u>2024</u>	141	<u>24</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>162</u>
	3							

*** For franchises that opened in ~~2021, one franchise in Alabama, one in Florida, one in Kentucky, one in Massachusetts, one in Missouri, one in North Carolina, one in New Mexico, two in Ohio, one in South Carolina, one in Texas, and one in Wisconsin~~ opened as Tier 2 franchises. For franchises that opened in 2022, one franchise in Florida, one franchise in Georgia, one franchise in Iowa, two franchises in North Carolina, one franchise in New York, one franchise in Texas, and one franchise in Wisconsin opened as Tier 2 franchises. For franchises that opened in 2023, one franchise in Alabama, one franchise in California, four franchises in Georgia, two franchises in Indiana, one franchise in Kentucky, one franchise in Michigan, one franchise in Minnesota, two franchises in Ohio, and five franchises in Texas opened as Tier 2 franchises. For franchises that opened in 2024, one franchise in Georgia, one franchise in Idaho, one franchise in Louisiana, one franchise in Massachusetts, two franchises in Michigan, one franchise in North Carolina, one franchise in New York, two franchises in Tennessee, and eight franchises in Texas opened as Tier 2 franchises.

Table No. 4
Status of Company-Owned Outlets For
Years ~~2021~~2022 to ~~2023~~2024¹

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Florida	2021	6	0	0	0	4	2
<u>Florida</u>	2022	2	0	0	0	2	0
	2023	0	0	0	0	0	0
Virginia	2021 <u>2024</u>	1 <u>0</u>	0	0	0	0	1 <u>0</u>
<u>Virginia</u>	2022	1	0	0	0	1	0
	2023	0	0	0	0	0	0

[†] All numbers are as of December 31, 2023, 2022, and 2021.

State	Year	Outlets at Start of Year	Outlets Opened	Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
Total	2021 <u>2024</u>	7 <u>0</u>	0	0	0	4 <u>0</u>	3 <u>0</u>
<u>Total</u>	2022	3	0	0	0	3	0
	2023	0	0	0	0	0	0
	<u>2024</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

[†] Table. 4. All numbers are as of December 31, 2024, 2023, and 2022.

Table No. 5
Projected Openings as of December 31, ~~2023~~2024, for Tier 1 and Tier 2 Franchises

State	Franchise Agreements Signed But Business Not Open	Projected New Franchised Business In Next Fiscal Year	Projected Company Owned Businesses In Next Fiscal Year
Alabama		1	
Arizona		4 <u>4</u>	
Arkansas		2 <u>1</u>	
California	1	2	
Colorado		<u>2</u>	
Connecticut Delaware		1	
Florida		2	
Georgia	1	1	
<u>Illinois</u>	<u>1</u>		
<u>Indiana</u>			
Indiana Kansas		1	
Kentucky Louisiana		1	
Louisiana Maryland	1	1	
Massachusetts	1	1	
Michigan	4 <u>2</u>	1	
Minnesota			
Missouri		1	
<u>Nebraska</u>		<u>1</u>	
Nevada		<u>1</u>	
New Hampshire			
New Jersey		2	
New York	<u>1</u>	2 <u>1</u>	
North Carolina		1	
North Dakota		1	
Ohio			
Oklahoma	2 <u>1</u>	1	
Oregon	1	1	
Pennsylvania		1	
Rhode Island		1	
South Carolina		1	
Tennessee South Carolina	1	2	
Texas Tennessee	2	3 <u>2</u>	
Utah Texas		<u>7</u>	
Virginia		<u>1</u>	
Washington			
Wisconsin			
TOTALS	11 <u>12</u>	32 <u>35</u>	0

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Exhibit 5 lists the names of all of our operating franchisees and the addresses and telephone numbers of their businesses as of December 31, ~~2023~~2024. Exhibit 5 also lists the franchisees who have signed Franchise Agreements for Businesses which were not yet operational as of December 31, ~~2023~~2024. Finally, Exhibit 5 lists the name, city and state, and business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of the effective date of the Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Franchisees have signed confidentiality clauses during the last three fiscal years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Pirtek USA, LLC. 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.

The PIRTEK Franchise Advisory Council (“FAC”) includes elected franchisee members and appointed franchisee members and meets periodically with corporate representatives to discuss various franchise issues. We will utilize our PIRTEK Franchise Advisory Council (“FAC”) to serve in an advisory capacity only. We have the power to form, change or dissolve the FAC. We both created and sponsor the FAC, and contact information for the FAC is the same as our contact information. The following independent franchisee organization has asked to be included in this Disclosure Document: Fluid Power Franchisee Association, 2125 Energy Park Drive, St. Paul, Minnesota 55108; telephone (847) 636-3307; email at ~~info@fpfa.us;~~ info@fpfa.us; website at www.fpfa.us.

Item21

FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit 4 are the following: audited consolidated balance sheets as of ~~the years ended~~ December 31, 2024, 2023, and ~~2022 and 2021~~, and the related consolidated statements of income, changes in members’ equity (deficit) and cash flows for the years ending December 31, 2024, 2023, and ~~2022~~

~~and 2021~~, together with the report of independent certified public accountants. Our fiscal year end is December 31.

Item22

CONTRACTS

This Disclosure Document includes a sample of the following contracts:

Exhibit 2 – PIRTEK Development Agreement

EXHIBIT 1

List of State Administrators and Agent for Service of Process

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, First Floor
525 West Ottawa Street
Lansing, MI 48933

VIRGINIA

Agent to Receive Process
Clerk of the State Corporation Commission
1300 E. Main Street, First Floor
Richmond, VA 23219

State Administrator
State Corporation Commission
Division of Securities and Retail
Franchising
1300 E. Main Street, Ninth Floor
Richmond, VA 23219

WASHINGTON

Agent to Receive Process
Department of Financial Institutions
Securities Division
150 Israel Rd S.W.
Tumwater, WA 98501

WASHINGTON

State Administrator
Department of Financial Institutions
Securities Division
PO Box 41200
Olympia, WA 98504-1200

WISCONSIN

Department of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705

~~MICHIGAN~~

~~Michigan Department of Attorney General Consumer Protection Division~~
~~Attention: Franchise Section~~
~~G. Mennen Williams Building, First Floor 525 West Ottawa Street~~
~~Lansing, MI 48933~~

~~VIRGINIA~~

~~Agent to Receive Process~~

~~Clerk of the State Corporation Commission 1300 E. Main Street, First Floor Richmond, VA 23219~~

~~State Administrator~~

~~State Corporation Commission Division of Securities and Retail Franchising
1300 E. Main Street, Ninth Floor Richmond, VA 23219~~

~~WASHINGTON~~

~~Department of Financial Institutions Securities Division~~

~~150 Israel Rd S.W. Tumwater, WA 98501~~

~~WISCONSIN~~

~~Department of Financial Institutions Division of Securities~~

~~4822 Madison Yards Way, North Tower Madison, WI 53705~~

EXHIBIT 2

Development Agreement

☐ Exceptions to Exclusive Rights to Development Area in (Identify any existing company-owned or franchised PIRTEK® Centers within the Development Area or indicate “none”): _____

4. **Development Fee.** \$ _____

5. **Credits.**

a. Franchisee shall have paid the Initial Franchise Fee in full for the first Center to be developed pursuant to, and in accordance with, this Development Agreement upon execution of this Development Agreement; and

b. Franchisor shall credit ~~\$27,500~~\$55,000 of the Development Fee to the Initial Franchise Fee for the second and each additional Center to be developed pursuant to, and in accordance with, this Development Agreement, until such credits equal the Development Fee.

EXHIBIT 3

Franchise Agreement

PIRTEK USA LLC FRANCHISE AGREEMENT

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APPENDICES

A	Franchised Location, Territory
B	Ownership and Management
C	Marks
D	Addendum to Lease
E	Computer Software License Agreement
F	Draft Authorization for Prearranged Payments
G	Assignment of Telephone Numbers
H	Assignment of Domain Name and E-Mail Address
	<u>Acknowledgement Addendum</u>

months prior to the end of the initial ten (10)-year term of your intent to renew the license. You must execute our then-current form of franchise agreement and all other agreements, legal instruments and documents then customarily used by us in the renewal of franchises (the form of franchise agreement will be modified to reflect that the agreement is for a renewal term and, if applicable, will provide for the second ten (10)-year renewal term upon satisfaction of the renewal conditions).

These agreements, legal instruments and documents may vary materially from those agreements, legal instruments and documents currently in use by us, although the Territory will remain as defined in this Agreement. There will not be another initial franchise fee charged for renewal of the license; however, you must pay us a renewal fee in the amount of ~~\$2,500~~ 10,000, adjusted annually in accordance with any annual change in the National Consumer Price Index, as that change is described in Section 16.M. below. Your failure or refusal to execute the agreements, instruments and documents within thirty (30) days after their delivery to you will be deemed an election by you not to renew the license.

B. During the term of this Agreement, you have complied with all of the terms and conditions of this Agreement and have complied with our operating and quality standards and requirements.

C. All monetary obligations owed by you to us, our affiliates or your suppliers or creditors, whether pursuant to this Agreement or otherwise, have been satisfied prior to renewal, and have been paid in a timely manner throughout the term of this Agreement.

D. You are able to maintain possession of the premises or obtain possession of mutually agreeable alternative premises for your Business for the duration of the renewal term and have agreed, in writing, to make such capital expenditures necessary to refurbish, replace and modernize your Business so that it will conform to our then-current standards for PIRTEK Service Centers.

E. You, your Controlling Owner and your Personal Guarantors sign a general release of claims in a form we prescribe.

PREMISES STANDARDS AND MAINTENANCE

5. You acknowledge and agree that we may promulgate, from time to time, quality and other standards regarding the business operations of PIRTEK Service Centers so as to protect, among other items, the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our mandatory standards and agree to the following terms and conditions.

A. Service Center Facility. The Service Center must be constructed and equipped in accordance with our current approved specifications and standards pertaining to equipment, inventory, signage, fixtures, furnishings, location, accessory features and design and layout of the building premises. You will be furnished with lists of approved equipment, inventory, signage, fixtures and furnishings. You may not commence construction of the Center nor lease a location for the development of the Service Center until you have received our written consent to your building plans.

OPERATIONS STANDARDS AND REQUIREMENTS

6. You acknowledge and agree that we have established and may revise, from time to time, quality standards regarding the operations of PIRTEK Hose Service Center businesses so as to protect the distinction, goodwill and uniformity symbolized by the Marks and the System. Accordingly, you agree to maintain and comply with our standards and requirements for the System and agree to the following terms and conditions.

A. Products and Services. You may sell only those products and services in connection with the Marks and Business that we have approved in writing (sometimes referred to in this Agreement as “approved products and services”). The approved products and services may be identified in the Manual, inventory lists or otherwise in writing, and we have the right to add to, supplement or modify the approved products and services. These products and services meet standards and specifications prescribed by us, which we may modify from time to time.

B. Purchases from Us and Other Vendors and Suppliers. You must purchase all designated hoses, fixed tube assemblies, fittings, adapters, components and other products for resale to customers (the “Inventory Products”) from us only, except for limited instances when you must satisfy a customer’s immediate demand for products, as described in the Manual. Under no circumstances, however, can a PIRTEK hose tag be placed on a non-PIRTEK hose. In addition, you must purchase fixtures, equipment, and other supplies (“Non-Inventory Items”), which we determine meet our standards and specifications of quality required to protect the valuable goodwill and uniformity symbolized by and associated with the Marks and Business. You will pay the then- current price in effect at the time for the Inventory Products and other Non-Inventory Items you purchase from us. You must purchase Non-Inventory Items from us or other vendors or suppliers that sell the Non-Inventory Items meeting our standards and specifications, although we are the only available supplier for equipment necessary to outfit the MSSUs and Non-Inventory Items containing the Marks. If You purchase Inventory Products or Non-Inventory Items from third parties (and not from Us) in violation of this paragraph, You will be required to pay Us the profits we would have received had You purchased the items from Us. You will also be required to pay Us a \$5,000 fee for anticipated administrative expenses as well as our attorney’s fees and any other damages that may accrue. With respect to certain Inventory Products, we may require you to hold specified levels of inventory at the Franchised Location. We will endeavor to use our best efforts to have available for your purchase from us a full line of Inventory Products. We have the right to apportion Inventory Products and any other items due to shortages. **ALTHOUGH APPROVED BY US, WE MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, WITH RESPECT TO PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES, FIXTURES OR OTHER APPROVED ITEMS. WE, HOWEVER, WILL PASS THROUGH ANY APPLICABLE MANUFACTURER WARRANTIES ON PRODUCTS AND EQUIPMENT THAT YOU PURCHASE FROM US, SUBJECT TO ALL WARRANTY TERMS AND CONDITIONS IMPOSED BY THE MANUFACTURER.**

C. Operations Manual. To help protect our reputation and goodwill and to maintain uniform operating standards under the Marks and Business, you must conduct your Business in accordance with the required standards and procedures contained in our Operations Manual and

(iv) You will delete any Customer Information upon our request unless you can prove that such request is subject to an exception under applicable law; and

(v) If you receive a Customer Information data request (e.g., a request to delete Customer Information) directly from a consumer (e.g., a California resident under the CCPA or CPRA, or a resident of another jurisdiction under other applicable Privacy Law), you shall inform us of that request within one business day and cooperate with us to ensure that the consumer receives an appropriate and timely acknowledgement and response. As an example, currently under the CCPA, an acknowledgement is typically required within ten (10) business days and a final response is required within forty-five (45) calendar days.

You certify that you understand the restrictions in subparagraphs (i) – (v) above of this Section 6.Q. and will comply with them. You also acknowledge and agree that we may modify these restrictions from time to time by written notice to you, by issuing updates to our standards and policies pertaining to Privacy Laws, including by adding other similar restrictions that may be required under other state or federal Privacy Laws, and you agree to comply with the same. You also agree to execute any addendum to this Agreement that we may determine is required to conform this Agreement to new or existing Privacy Laws.

To the extent that you engage a third party to collect, use, sell, store, disclose, analyze, delete, modify, or to otherwise perform any processing of Customer Information for the purpose of operating the Business (a “Subprocessor”), you will notify us of such engagement, which shall be governed by a written contract that includes the same restrictions as in subparagraphs (1) – (5) of this Section 6 and imposes reasonable confidentiality obligations on the Subprocessor.

R. Artificial Intelligence. You agree not to implement, use, or otherwise engage with Artificial Intelligence Sources in the operation of the Business unless we have given our prior written consent. The term “Artificial Intelligence Sources” means any resource, online or otherwise, that is for the purpose of gathering, implementing, or otherwise using information from you using artificial intelligence technology, including ChatGPT and other sources.

SUPERVISION AND TRAINING STANDARDS

7. The following provisions and conditions control with respect to personnel, training and supervision.

A. Supervision of the Business. Your Business must at all times be under the direct, on-premises supervision of the Controlling Owner or the Designated Manager.

B. Training. Prior to commencement of your Business, you, your Controlling Owner, your Designated Manager (if any), your TSR (technical sale representative), at least two (2) MSS Technicians and your administration person must, at your expense for room, board and travel, attend and successfully complete our training program. The training program will take place at a location and for a period as we designate. There is no separate fee payable to us for this initial training, as the training is included in the Initial Franchise Fee described in Section 8.A. You understand that this Agreement will not become effective unless these individuals successfully complete the training program to our satisfaction.

In the event that you are given notice of default as set forth in Section 11.A. and the default relates, in whole or in part, to your failure to meet any operational standards, we may

require as a condition of curing said default that you, your Controlling Owner, your Designated Manager, MSS Technicians or TSR attend and successfully complete our training program at a place that we designate and at your expense. Under no circumstances may you (i) permit management of the Service Center's operations on a regular basis by a Designated Manager who has not successfully completed our training program; or (ii) permit the operation of an MSSU by an MSST who you have not properly trained in accordance with our standards. You also must at all times have a TSR who will fulfill the TSR roles as set forth in the Manual.

Any Designated Manager or MSST must participate in and satisfactorily complete such additional training programs as we may reasonably designate from time to time, which may include on-site training at another PIRTEK hose service center prior to the commencement of your Business. Attendance at any additional training program is at your expense for room, board and travel.

Any training provided by us to any of your employees will be limited to training or guidance regarding the delivery of approved services to customers in a manner that reflects the customer 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 employees. You are solely responsible for ensuring that your employees receive adequate training.

C. Staffing. You must at all times maintain a sufficient number of trained employees to properly and efficiently service your customers. You must hire and supervise efficient, competent, and courteous persons as your employees for the operation of your Business with no liability therefor on us. No employee of yours is 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.

D. Attendance at Meetings. You and your Designated Manager, at your expense, must attend all meetings that we sponsor for PIRTEK franchisees to set forth new methods and programs for operation, training, management, sales or advertising. These meetings include national conferences for all franchisees and may also include regional seminars. If you are unable to attend any such meeting, you should so notify us prior to the meeting and attempt to ~~D~~-cause a substitute person from your Business acceptable to us to attend and represent you at such meeting.

FEES, REPORTING AND AUDIT RIGHTS

8. You must pay the fees described below and comply with the following provisions.

A. Initial Franchise Fee; Opening Set-up Fee; Initial Technology Start-up Fee. You must pay to us an Initial Franchise Fee of \$55,000, which must be paid in full as of or prior to the execution of this Agreement. In addition, you must pay to us an Opening ~~Set-up~~Set-up Fee in an amount equal to ~~\$5,000~~\$0 to \$14,000 (as we determine), which is due on or before your first day of attendance at the initial training program (although this fee is not charged for an existing

November 1st date).

Finally, if requested by us to verify your Gross Sales, you must submit to us all the books and records as we may require under our audit policies published from time to time.

You must maintain at all times your books and records for your Business at your Business premises. In addition, you must maintain all financial information on the Technology described in Section 6.J. and provide the information to us according to reporting formats, methodologies and time schedules established by us from time to time. You are required to allow us electronic and manual access to any and all records and information relating to your Business.

E. Audits. We or our authorized representatives have the right at all times during the business day to enter your Business premises and to evaluate, copy and audit your books and records. We also have the right to remotely access and evaluate, copy and audit your electronic records located on the Computer System and evaluate remotely or on the Business premises your compliance with your obligations regarding Customer Information. If an audit is made necessary by your failure to furnish reports, financial statements, tax returns or schedules as required under this Agreement, or in the event that any evaluation or audit of the Business reveals an understatement of your Gross Sales, Continuing License Fee or other material financial information related to your Business of 4% or more from data reported to us, in addition to any other rights we may have (including collection of amounts owed with respect to any understatement), you must reimburse us for all audit costs including, without limitation, professional fees, travel, and room and board expenses directly related thereto. Furthermore, we may conduct such further periodic audits and evaluations of your books and records, at your sole expense, as we reasonably deem necessary for up to two years thereafter. You acknowledge and agree that if a subsequent audit or evaluation conducted within the two year period reveals any such understatement or variance of 4% 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 in accordance with Section 11.B. of this Agreement.

MARKETING FEES AND CONTROLS

9. You agree to actively promote your Business, to abide by all of our marketing and advertising requirements and to comply with the following provisions.

A. Marketing Programs and Payment to Us of Administration Expenses. We or our designee reserve the right periodically to establish, organize and prescribe sales promotion programs. You must pay monthly to us or our designee as a Marketing Fee during the term of this Agreement an amount equal to ~~1-1/2~~1-1/2% to 3% of Gross Sales. You acknowledge and agree that we may establish the percentage of Gross Sales level annually at any level from 1-1/2% up to 3%, although you will not be required to pay a higher Marketing Fee than other franchisees in your designated marketing area ("DMA"), as specified by us. We will notify you annually regarding the exact percentage of Gross Sales for your Marketing Fee, except for any year in which there is no change from the previous year.

Upon request, we will annually advise you of the unaudited receipts and expenditures of the Marketing Fees. You acknowledge and agree that (i) we or our designee have the absolute and exclusive right to determine expenditures of funds collected and as to the selection of the promotional materials, items and programs for which said expenditures are made, (ii) neither we

nor our designee have ~~no~~a fiduciary obligation to

PIRTEK franchisees with respect to the marketing programs or expenditures of funds; and (iii) we or our designee may compensate ourselves for the expense of administering and promoting such marketing programs. Reasonable disbursements from the Marketing Fees may be made for the payment of expenses incurred in connection with the general promotion of the Marks and System including the cost of formulating, developing and implementing advertising and promotional programs, and the reasonable costs of administering these programs, including accounting expenses and the actual cost of salaries and fringe benefits paid to our or our designee's employees or designees engaged in administration of the programs.

We have the absolute and exclusive right to determine the methods of advertising, media employed and contents, terms and conditions of the marketing programs. In addition, you acknowledge that from time to time we may loan money to the marketing programs to fund specific promotions or other similar reasons and we may be repaid out of the Marketing Fees, at our option, with interest computed at the "base" or "prime" interest rate as publicly announced by the Wall Street Journal and as further defined in Section 10.A.

B. Local Marketing. In addition to the Marketing Fee contributions, in order to promote local marketing for PIRTEK Hose Service Centers, you must fully participate in local sales and promotional activities, including the introduction of new products and other marketing programs. These marketing programs, from time to time, may include local point of sale promotional materials prepared by us. You must purchase and use any local marketing materials prepared by us. You are required to spend a monthly amount between 0.375% - 0.75% of Gross Sales for such local marketing materials and programs. The monthly amount will be an amount that is equal to 25% of your Marketing Fee for that month. Any such local marketing must be factual, dignified and meet the highest standards of ethical marketing, and cannot be injurious to our Marks or their goodwill.

Unless the local materials are prepared by us, you must submit all such proposed advertising or marketing materials to us for approval before using the materials.

FRANCHISEE'S OTHER OBLIGATIONS

10. 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, vendors, suppliers, lessors, or creditors in connection with your Business or its premises, products or services used in connection with your Business; (ii) all liens and encumbrances of every kind and character created or placed upon or against any of said property; and (iii) all accounts and other indebtedness of every kind incurred by you in the conduct of your Business. In the event you should default in making any such payment, we will be authorized, but not required, to pay the same on your behalf and you covenant promptly to reimburse us on demand for any such payment. Any and all amounts owing to us by you, whether the same arise under the provisions of this Section 10.A or otherwise, will bear interest computed using a fluctuating interest rate equal to the interest rate per annum publicly announced by the Wall Street Journal as the "prime" rate (currently the prime rate is the base rate on corporate loans posted by at least 75% of the nation's 30 largest banks) as effective on the last day of the prior month plus 2% per annum, or the maximum contract rate of interest permitted by governing law, whichever is less, from and after

the date of accrual thereof.

Any and all amounts owing to us by you, whether the same arise under the provisions of this Section 10.A. or otherwise, will bear interest computed using a fluctuating interest rate equal to the interest rate per annum publicly announced by the Wall Street Journal as the “prime” rate

DISPUTE RESOLUTION

13. You and we agree as follows:

A. Arbitration. All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to: (i) this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Pirtek Business or any provision of any such agreements; (ii) our relationship with you; (iii) the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Pirtek Business, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or any standard associated with the Pirtek Business, must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association, who must have at least five years' experience in franchise law. All proceedings, including the hearing, ~~A.~~ will be conducted at a suitable location that is within ten (10) miles of where we have our (or, in the case of a transfer by us, the then-current franchisor has its) principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law. The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 13.C. below), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 16.K., we and you waive to the fullest extent the law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other as per Section 16.J. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 22.H below. We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 22.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your

affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration

financial reports and other data relating to your Business and its operations as we, in our sole and exclusive judgment, may deem necessary or appropriate for assignee and/or us to evaluate your Business and the proposed transfer. You agree that we have the right to confer with proposed assignees and furnish them with information concerning your Business and proposed transfer without being held liable to you, except for intentional misstatements made to any such assignee. Any such information furnished by us to proposed assignees is for the sole purpose of permitting the assignees to evaluate the Business and proposed transfer and must not be construed in any manner or form whatsoever as earnings claims or claims of success or failure.

D. Death, Disability or Incapacity. If you (or Controlling Owner) die or become disabled or incapacitated and the decedent's or disabled or incapacitated person's heir or successor-in-interest wishes to continue as a franchisee hereunder, such person or entity must apply for our consent thereto under Section 14.B, and satisfy the transfer conditions described in Section 14.C, as in any other case of a proposed transfer. If the assignee of the decedent or disabled or incapacitated person is the spouse or child of such person, no transfer fee is payable to us. In the event that you (or Controlling Owner) die or become permanently incapacitated, and ~~D.~~ the rights hereunder are not assigned (with our approval) pursuant to Sections 14.A-C and 14.E, then unless and until we terminate this Agreement pursuant to Section 13.B hereof, we have the right, but not the obligation, to enter onto your Business premises and to operate and manage your Business until the franchise is terminated or assigned to a party acceptable to us in accordance herewith ~~or you~~ or you have appointed a manager who is approved and trained by us; provided, however, no such operation and management by us continues for more than 180 days without the written consent of either you or the representative of the estate. In the event that we operate your Business, we will account for all net income for such operation less our reasonable expenses incurred in, and a reasonable management fee for, our operation of your Business and it is agreed that you must bear all losses incurred.

E. Right of First Refusal. If you or Controlling Owner proposes to transfer or assign this Agreement or your interest herein (including Controlling Owner's interest in an entity Franchisee) or in the Business conducted hereunder, in whole or in part, to any third party, including, without limitation, any transfer contemplated by Sections 14.A and 14.D, you or Controlling Owner first must offer to sell to us said interest as provided herein. In the event of a bona fide offer from such third party, you or Controlling Owner 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.

In the event of (i) a transfer or assignment of stock or similar ownership interests of you or Controlling Owner's interest in you or (ii) you or Controlling Owner's insolvency or the filing of any petition by or against you or Controlling Owner under any provisions of any bankruptcy or insolvency law, the offer will be for you and Controlling Owner's interest in this Agreement, and the building equipment, inventory, fixtures, and leasehold interest used in the operation of the Center. An amount and terms of purchase must be established by a qualified appraiser selected by the parties. If the parties cannot agree upon the selection of such an appraiser, the American Arbitration Association will appoint one upon petition of either party to appoint an

appraiser to establish such price in accordance with the rules and procedures of the Association. We must receive a statement in writing incorporating the appraiser's report.

TIER 2

DBA TRADE NAME FOR YOUR BUSINESS: PIRTEK

FRANCHISED LOCATION

As stated in Paragraph 2 of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Franchised Location at which you must conduct your PIRTEK Business is defined as follows:

TERRITORY

As stated in Paragraph 2 of the Franchise Agreement, subject to the terms and conditions of the Franchise Agreement, the Territory in which you must conduct your PIRTEK Business is defined as follows:

In order to maintain the Territory with the Territory protections set forth in Paragraph 2, you must have 2 MSS Units and 2 MSS Technicians in the Territory within 120 days of the Effective Date of the Franchise Agreement.

ADDITIONAL MSS UNIT, TECHNICIANS AND THE SERVICE & SUPPLY CENTER

- A. On or before ~~fifteen~~twenty-four months (), from the date that the Franchise Agreement is signed you must add one additional MSS Unit and one MSS Technician (for a total of three MSSUs and three MSSTs).
- B. On or before thirty-nine months () from the date the Franchise Agreement is signed, you must (i) open a Service & Supply Center; and (ii) add a Technical Sales Rep (TSR) whose primary responsibilities will be sales and promoting the PIRTEK product and services in the Territory.

If at any time you do not maintain the MSS Units and MSS Technicians as set forth above, we will notify you of the default and give you a cure period under the Franchise Agreement to cure the default. If you don't cure the default, we have the right to reduce the Territory or exercise other remedies set forth in the Franchise Agreement.

Service Center Facility. As part of the Tier 2 franchise, you will not be required to operate the Service Center and comply with Sections 5.A-E of the Franchise Agreement until the time you add your third MSSU to the Business, provided that you comply with the following conditions:

Opening Set-up Fee; Initial Technology Start-up Fee. For the Tier 2 franchise, payment of the Opening Set-up Fee and Initial Technology Start-up Fee in the second sentence of Section 8.A of the Franchise Agreement is replaced with the following:

In addition, you must pay to us an Initial Technology Start-up Fee in an amount equal to \$8,000 to \$10,000 (as we determine), which is payable prior to the date you commence business operations. Also, when you convert from a Tier 2 to a Tier 1 Center, we may charge you an

Opening Set-up Fee in an amount equal to \$~~5,000~~0 to \$14,000 (as we determine), which amount shall become due and payable at the time services are requested.

ACKNOWLEDGMENT ADDENDUM TO
PIRTEK® FRANCHISE AGREEMENT

Do not sign this Acknowledgment Addendum if you are a resident of Maryland or California or the business is to be operated in Maryland, or California

As you know, you and we are entering into a Franchise Agreement for the operation of a PIRTEK® franchise. The purpose of this Acknowledgment Addendum is to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate or misleading. 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 (a) 14 calendar days prior to signing the Franchise Agreement, **or** (b) if you are a resident of **New York**, at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or payment of any consideration, **or** (c) if you are a resident of **Iowa or Michigan**, at the earlier of 10 business days before the execution of any binding agreement or payment of any consideration? Check one: () Yes () No. If no, please comment: _____

2. Have you studied and reviewed carefully our Disclosure Document and Franchise Agreement ?
Check one: () Yes () No. If no, please comment: _____

3. If we made any unilateral changes to the Franchise Agreement, did you receive a copy of the complete revised agreement at least seven calendar days prior to the date on which the Franchise Agreement was executed? Check one: () Yes () No. If no, please comment: _____

4. Did you understand all the information contained in both the Disclosure Document and Franchise Agreement? Check one () Yes () No. If no, please comment: _____

5. Was any oral, written or visual claim or representation made to you that contradicted the disclosures in the Disclosure Document? Check one: () No () Yes. If yes, please state in detail the oral, written or visual claim or representation: _____

* Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act or under the Maryland Franchise Registration and Disclosure Law. Except to the extent we have negotiated changes to the Franchise Agreement that differ from the Franchise Disclosure

EXHIBIT 4

Audited Financial Statements

Pirtek USA, LLC and Subsidiaries

Consolidated Financial Statements
and Independent Auditor's Report

December 31, 2024, 2023, and 2022 ~~and 2021~~

Pirtek USA, LLC and Subsidiaries

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Independent Auditor's Report

To Management
Pirtek USA, LLC and Subsidiaries

Opinion

We have audited the consolidated financial statements of Pirtek USA, LLC and its subsidiaries (the "Company"), which ~~comprises~~comprise the consolidated balance ~~sheet~~sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, changes in members' equity (deficit), and cash flows for the ~~year~~years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of their operations and their cash flows for the ~~year~~years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our ~~audit~~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 ~~audit~~audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The consolidated financial statements of Pirtek USA, LLC and subsidiaries for the ~~years~~year ended December 31, 2022 ~~and 2021~~ were audited by another auditor who expressed an unmodified opinion on those statements on March 21, 2023.

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 for 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.

~~March 20, 2024~~

~~Pirtek USA, LLC and Subsidiaries~~

~~Consolidated Balance Sheets-
December 31, 2023, 2022 and 2021~~


CohnReznick LLP

Boca Raton, Florida
March 14, 2025

Pirtek USA, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2024, 2023 and 2022

Assets

	<u>2024</u>	<u>2023</u> <u>2024</u>	<u>2022</u> _____
<u>Current assets</u>			
<u>Current assets</u>			
Cash	\$ 11,373,956	\$ 4,098,411	\$ 2,405,324 2,405,935
Accounts receivable, net of allowance for credit losses of \$118,400 at December 31, 2024, losses of \$106,724 at December 31, 2023, and \$100,000 at December 31, 2022 and, respectively	5,073,496	6,270,079	5,981,648 5,981,648
\$44,569 at December 31, 2021, respectively	6,270,079	5,981,648	5,172,655
Receivables, other	253,647	325,530	130,024 623,672
Current portion of notes receivable	1,933,925	2,655,082	460,284 889,304
Inventory, net of allowance of \$92,000 at December 31, 2023 2024, \$55,000 92,000 at December 31, 2022 2023, and \$40,000 55,000 at December 31, 2021 2022, respectively	6,418,694	6,150,015	6,330,870 5,550,256
Prepaid expenses	1,421,358	1,029,732	2,736,604 4,108,314
Deposits	83,593	83,593	88,685 88,685
Total current assets	26,558,669	20,612,442	17,121,483 19,647,814
<u>Property, plant and equipment:</u>			
<u>Property, plant and equipment:</u>			
Computer software and hardware	1,256,807	1,186,220	1,642,732 612,732
Office furniture and equipment	836,864	836,864	704,894 87,245
Van and warehouse equipment	2,646,706	2,610,200	2,446,848 1,160,140
Vehicles	=	43,434	503,574 04,069
Leasehold improvements	332,967	332,967	142,730 142,730
Total property, plant and equipment	5,073,344	5,009,685	5,160,778 5,006,916
Less accumulated depreciation	(3,198,129)	(2,701,819)	(2,656,637) 2,994,118

Pirtek USA, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2024, 2023 and 2022

Property, plant and equipment, net	<u>1,875,215</u>	2,307,866	2,504,141 <u>2,012,798</u>
Other assets			
<u>Other assets</u>			
Notes receivable, less current portion, net of allowance- for <u>credit losses of \$0 at December 31, 2024,</u> credit losses of \$262,310 at December 31, 2023, <u>respectively</u>	<u>55,845</u>	<u>511,186</u>	<u>2,834,403</u>
		511,186	2,367,047 8 3 4, 4 0 3 3 5, 4 0 5
Master franchise agreement, net	<u>335,105</u>	335,105	335,105
			5
Franchise agreements, reacquired	-	-	150,000
Goodwill, net	<u>=</u>	62,063	235,689 <u>137,063</u>
			7, 0 6 3
Right-of-use asset	<u>32,327,250</u>	35,492,737	<u>-</u> <u>10,968,223</u>
			1 1 0 10 10 13 13 13 13
Total other assets	<u>32,718,200</u>	36,401,091	4,395,841 <u>14,274,794</u>
			1 4 1 1 4 4 4 4
Total assets	<u>\$ 61,152,084</u>	<u>\$ 59,321,300</u>	\$ 24,021,475 <u>35,935,406</u>
			1 1 10 10 13 13

Consolidated Balance Sheets December 31, 2024, 2023 and 2022

Diagram illustrating a 5x4 grid with a blue shaded area (5x2) and a red shaded area (5x2). A blue arrow points from the top-left corner to the top-right corner of the blue area. A red arrow points from the top-right corner of the red area to the top-right corner of the grid.

Pirtek USA, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2024, 2023 and 2021

Liabilities and Members' Equity (Deficit)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	
<u>Current liabilities</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	
<u>Current liabilities</u>	\$ <u>976,550</u>	\$ 1,430,573	\$ 1,999,165	\$ 2,022,722
Accounts payable	<u>423,466</u>	98,439	91,592	72
Accrued payroll obligation	<u>1,490,690</u>	1,472,990	1,231,647	590
Other accrued liabilities	<u>741,029</u>	688,500	1,228,246	958
Current portion of right-of-use lease liability	<u>-</u>	-	909,801	81
Current portion of notes payable	<u>-</u>	-	-	2,127
<u>Current portion of capital leases</u>	<u>2,743,446</u>	353,069	3,412,052	1,044
Income taxes payable	<u>899,574</u>	590,415	1,674,398	6,899
Deferred revenue	<u>7,274,755</u>	4,633,986	10,546,901	
Total current liabilities				
<u>Long-term liabilities</u>				
Notes payable, less current portion	<u>-</u>	7,842,471		18,442
Capital leases, less current portion	<u>-</u>	-		445
Deferred revenue, less current portion	<u>1,322,784</u>	-		
Deferred tax liability, net	<u>213,376</u>	331,827		392
Right-of-use lease liability, less current portion	<u>35,502,047</u>	9,739,977		
Total long-term liabilities	<u>37,038,207</u>	17,914,275		18,987
Total liabilities	<u>41,672,193</u>	28,461,176		25,874
Members' equity (deficit) Members' equity (deficit)	<u>17,649,206</u>	7,474,230		(1,857)
Total members' equity (deficit)	<u>17,649,206</u>	7,474,230		(1,857)
Total liabilities and members' equity (deficit)	<u>\$ 59,321,399</u>	\$ 35,935,406		\$ 24,017

Pirtek USA, LLC and Subsidiaries

Consolidated Statements of Income
Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>	
				<u>Long-term liabilities</u>
<u>Notes payable, less current portion</u>	<u>-</u>	<u>-</u>	<u>7,842,471</u>	
<u>Deferred revenue, less current portion</u>	<u>2,308,679</u>	<u>1,322,784</u>	<u>-</u>	
<u>Deferred tax liability, net</u>	<u>402,822</u>	<u>213,376</u>	<u>331,827</u>	
<u>Right-of-use lease liability, less current portion</u>	<u>32,877,631</u>	<u>35,502,047</u>	<u>9,739,977</u>	
Total long-term liabilities	<u>35,589,132</u>	<u>37,038,207</u>	<u>17,914,275</u>	
Total liabilities	<u>42,863,887</u>	<u>41,672,193</u>	<u>28,461,176</u>	
Members' equity				
Members' equity	<u>18,288,197</u>	<u>17,649,206</u>	<u>7,474,230</u>	
Total members' equity	<u>18,288,197</u>	<u>17,649,206</u>	<u>7,474,230</u>	
Total liabilities and members' equity	<u>\$ 61,152,084</u>	<u>\$ 59,321,399</u>	<u>\$ 35,935,406</u>	

Pirtek USA, LLC and Subsidiaries

Consolidated Balance Sheets
December 31, 2024, 2023 and 2022

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Pirtek USA, LLC and Subsidiaries

Consolidated Statements of Income Years Ended December 31, 2024, 2023 and 2022

	<u>2024</u>		<u>2023</u>		<u>2022</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
<u>Revenues</u>						
Product and labor sales	32,430,533 32,909,036	79.5 79.8%	\$ 28,318,095 32,430,533	79.9 79.5%	\$ 25,744,292 28,318,995	82.2 82.9%
Initial franchise and training fees	1,009,264 1,298,178	2.5 3.1%	707,614 1,009,261	2.0 2.5%	473,155 707,614	1.5 2.0%
Licensing fees	5,578,498 6,053,189	13.7 14.3%	5,012,066 5,578,498	14.4 13.7%	3,852,252 5,012,066	12.3 14.1%
Software user license fees	1,769,307 2,065,425	4.3 4.9%	1,426,027 1,769,307	4.0 4.3%	1,263,775 1,426,027	4.0 4.0%
Total revenues	40,787,599 42,325,828	100.0%	35,464,702 40,787,599	100.0%	31,333,474 35,464,702	100.0%
Cost of sales	13,118,498 12,287,939	32.2 29.0%	10,830,314 13,118,498	30.5 32.2%	9,825,058 10,830,314	31.4 30.5%
Gross profit	27,669,101 30,037,889	67.8 71.0%	24,634,388 27,669,101	69.5 67.8%	21,508,416 24,634,388	68.6 69.5%
Operating expenses	13,646,587 13,295,895	33.5 31.4%	11,235,207 13,646,587	31.7 33.5%	12,086,711 11,235,207	38.6 31.7%
Income from operations	14,022,514 16,741,994	34.3 39.5%	13,399,184 14,022,514	37.8 34.3%	9,421,705 13,399,181	30.1 37.8%
Other (expenses) income						
Other expense, net	(326,159) 359,956	-0.8 0.9%	(479,584) 326,159	-1.4 0.8%	(135,884) 479,584	-0.4 1.4%
Interest income	249,432 229,790	0.6 0.5%	225,750 219,432	0.6 0.5%	159,510 225,750	0.5 0.6%
Gain on extinguishment of debt <u>recovery of credit losses</u>	-262,310 -	0.0 0.0%	- -	0.0 0.0%	931,597 -	3.0 0.0%
Interest expense	(244,919) 201,921	-0.6 0.0%	(896,548) 244,920	-2.5 -0.6%	(1,343,087) 896,548	-4.3 -2.5%
Total other <u>income</u> (expenses)	(351,647) 131,952	-0.9 0.3%	(1,150,387) 235,164	-3.2 -0.9%	(387,864) 150,382	-1.2 -3.2%
Income before income taxes	13,670,867 16,873,946	33.5 39.9%	12,248,799 13,670,867	34.5 33.5%	9,033,841 12,248,799	28.8 34.5%
Income tax expense	(3,277,031) 682,790	-8.0 -11.1%	(3,285,240) 3,277,031	-9.3 -8.0%	(1,884,282) 3,285,240	-6.0 -9.3%
Net income	\$ 10,393,836 12,191,156	25.5 28.8%	\$ 8,963,559 10,393,836	25.3 25.5%	\$ 7,149,559 8,963,559	22.8 25.3%

Pirtek USA, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity (Deficit)
Years Ended December 31, 2024, 2023 and 2022

~~Pirtek USA, LLC and Subsidiaries~~

~~Consolidated Statements of Changes in Members' Equity (Deficit)~~
~~Years Ended December 31, 2023, 2022 and 2021~~

	Units	Members' equity (deficit)	Total
Balance—December 31, 2020	5,029,672	\$ (8,054,886)	\$ (8,054,886)
Non-cash members' contribution	-	(952,434)	(952,434)
Net income	-	7,149,559	7,149,559
Balance - December 31, 2021	5,029,672	\$ (1,857,761)	\$ (1,857,761)
Members' contributions	-	368,432	368,432
Net income	-	8,963,559	8,963,559
Balance - December 31, 2022	5,029,672	7,474,230	7,474,230
Non cash members' contributions	-	203,602	203,602
Members' distributions	-	(422,462)	(422,462)
Net income	-	10,393,836	10,393,836
Balance - December 31, 2023	5,029,672	\$ 17,649,206	\$ 17,649,206
<u>Members' distributions</u>	<u>=</u>	<u>(11,552,165)</u>	<u>(11,552,165)</u>
<u>Net income</u>	<u>=</u>	<u>12,191,156</u>	<u>12,191,156</u>
<u>Balance - December 31, 2024</u>	<u>5,029,672</u>	<u>\$ 18,288,197</u>	<u>\$ 18,288,197</u>

~~Pirtek USA, LLC and Subsidiaries~~

~~Consolidated Statements of Cash Flow~~
~~Years Ended December 31, 2023, 2022 and 2021~~

Pirtek USA, LLC and Subsidiaries

Consolidated Statements of Changes in Members' Equity (Deficit) Years Ended December 31, 2024, 2023 and 2022

Cash flows from operating activities

	2024	2023	2022
	2023	2022	2021
Cash flows from operating activities			
Net income	\$ <u>10,393,836</u>	\$ <u>8,963,559</u>	\$ <u>7,149,559</u>
Adjustments to reconcile net income to net cash provided by operating activities	<u>12,191,156</u>	<u>393,836</u>	<u>963,559</u>
Depreciation	<u>521,655</u>	<u>542,834</u>	<u>491,753</u>
provided by operating activities:-			
Depreciation	<u>542,834</u>	<u>491,753</u>	<u>637,258</u>
Amortization	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Allowance for credit losses	<u>269,034</u>	<u>55,341</u>	<u>4,659</u>
Inventory reserve	<u>37,000</u>	<u>15,000</u>	<u>37,000</u>
Disposal of franchise agreements	<u>-</u>	<u>150,000</u>	<u>-150,000</u>
Gain on cash collected from current expected credit losses	<u>(262,310)</u>	<u>-</u>	<u>-</u>
(Gain) on sale of assets	<u>(4,536,163)</u>	<u>(258,667)</u>	<u>(107,694)</u>
Deferred tax liability	<u>189,446</u>	<u>(118,451)</u>	<u>(60,395)</u>
Changes in operating assets and liabilities			
Operating leases	<u>697,810</u>	<u>-697,810</u>	<u>-</u>
Accounts receivable	<u>(295,155)</u>	<u>(864,334)</u>	<u>(410,093)</u>
Receivables, other	<u>292,113</u>	<u>(157,292)</u>	<u>(1,025)</u>
Inventory	<u>(636,759)</u>	<u>(274,386)</u>	<u>(1,280,327)</u>
Prepaid expenses	<u>3,078,732</u>	<u>(1,371,860)</u>	<u>(569,955)</u>
Deposits	<u>5,092</u>	<u>-5,092</u>	<u>7,289</u>
Accounts payable	<u>(568,592)</u>	<u>(23,664)</u>	<u>1,222,167</u>
Accrued payroll obligation	<u>6,847,325</u>	<u>19,267,847</u>	<u>12,702</u>
Other accrued liabilities	<u>241,492</u>	<u>584,126</u>	<u>316,278</u>
Income taxes payable	<u>(3,058,983)</u>	<u>1,284,900</u>	<u>939,579</u>
Deferred revenue	<u>238,804</u>	<u>627,419</u>	<u>271,954</u>
Deferred tax liability	<u>(118,451)</u>	<u>(60,395)</u>	<u>(283,939)</u>
Net cash provided by operating activities	<u>11,196,115</u>	<u>9,255,767</u>	<u>7,983,415</u>

Cash flows from investing activities

Cash flows from investing activities

Cash received on sale of franchises	-	<u>480,000</u>	<u>(480,000)</u>
Purchase of franchise agreements	-	-	<u>(50,000)</u>
Cash received on sale of fixed assets	<u>225,587</u>	<u>-225,587</u>	<u>-</u>
Issuance of notes receivable	<u>(403,566)</u>	<u>(103,566)</u>	<u>(1,800,978)</u>
Net payments received from notes receivable	<u>405,419</u>	<u>413,713</u>	<u>631,287</u>
Acquisition of property, plant and equipment	<u>(1,058,953)</u>	<u>(377,995)</u>	<u>(616,553)</u>
Net cash provided by (used in) investing activities	<u>(531,513)</u>	<u>515,718</u>	<u>(1,836,24)</u>

Pirtek USA, LLC and Subsidiaries

Consolidated Statement of Changes in Members' Equity (Deficit) Years Ended December 31, 2024, 2023 and 2022

Consolidated Statements of Cash Flow Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u> <u>2024</u>	<u>2022</u> <u>2023</u>	<u>2021</u> <u>2022</u>
Cash flows from financing activities			
Net payments to related parties	-	(286,356)	(87,674) <u>286,356</u>
Members' contributions	-	<u>368,432</u>	<u>-368,432</u>
Members' distributions	(422,462) <u>11,552,165</u>	(422,462)	-
Principal payments of notes payable	(8,549,664)	(10,600,000) <u>08,549,664</u>	(5,597,660) <u>0,600,000</u>
Borrowings on capital leases	-	-	<u>35,549</u>
Principal payments of capital leases	-	-	(154,124)
Net cash used in financing activities	(8,972,126) <u>1,552,165</u>	(10,517,920) <u>48,972,126</u>	(5,803,909) <u>0,517,924</u>
Net increase (decrease) in cash	<u>1,692,476</u> <u>7,275,545</u>	(746,439) <u>1,692,476</u>	<u>343,262</u> (746,439)
Cash, beginning of year	<u>2,405,935</u> <u>4,098,411</u>	<u>3,152,374</u> <u>2,405,935</u>	<u>2,809,112</u> <u>3,152,374</u>
Cash, end of year	<u>\$ 4,098,411</u> <u>11,373,956</u>	<u>\$ 2,405,935</u> <u>4,098,411</u>	<u>\$ 3,152,374</u> <u>2,405,935</u>
Supplemental disclosure of cash flow information			
<u>Supplemental disclosure of cash flow information</u>			
Cash paid during the year for interest	<u>\$ 244,920</u> <u>173</u>	<u>\$ 896,548</u> <u>244,920</u>	<u>\$ 1,343,087</u> <u>896,548</u>
Cash paid during the year for income taxes	<u>\$ 3,052,662</u> <u>1,756,869</u>	<u>\$ 3,424,283</u> <u>3,052,662</u>	<u>\$ 2,232,839</u> <u>3,424,283</u>
Contribution of member deficit via Pirtek Canada consolidation	<u>\$ 203</u> <u>602</u>	<u>\$ 203,602</u>	<u>\$ 952</u> <u>434</u>

Pirtek USA, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022

See Notes to Consolidated Financial Statements.

Pirtek USA, LLC and Subsidiaries

~~Notes to Consolidated Financial Statements~~
~~Years Ended December 31, 2023, 2022 and 2021~~

Note 1 - Nature of business

Pirtek USA, LLC ("Pirtek USA") is the master franchisee for the United States of America ("USA") of Pirtek Fluid Systems PTY Ltd. (an Australian company). During November 2021, Pirtek USA and Pirtek Fluid Systems PTY Ltd amended and replaced the Master Franchise Agreement ("MFA") with a Trademark License Agreement ("TLA") granting the right to license and use the trademarks and system standards of the Pirtek business. All franchise agreements and existing franchises are now subject to the terms and conditions of the TLA. The term of the TLA is twenty (20) years. Pirtek USA is organized as a limited liability company, and as such, no member is liable for the debts, liabilities, or obligations of Pirtek USA beyond their capital contributions and particular guarantees in place. Pirtek USA grants franchises, provides marketing, training, and central parts inventory warehousing to its franchisees.

On October 15, 2020, Pirtek USA organized Hydraulic Hose of Virginia Beach, LLC ("Virginia Beach"). Virginia Beach is a limited liability company organized under the laws of the State of Virginia and is a wholly-owned subsidiary of Pirtek USA. On November 6, 2020, Virginia Beach acquired one (1) location, Pirtek Norfolk ("Norfolk"), now known as Pirtek Virginia Beach ("Virginia Beach"). See Business Acquisitions Note. Norfolk was previously a wholly-owned subsidiary of Pirtek USA from July 2017 to May 2018. Norfolk was sold in May 2018 by Pirtek USA. ~~Virginia Beach offers hydraulic/industrial hose installation and replacement services at its retail location in Virginia Beach, Virginia and via service/delivery vehicles.~~ On December 1, 2022, Pirtek USA sold Virginia Beach and during 2023 the legal entity was dissolved.

On January 8, 2020, Pirtek USA organized WABU, LLC ("WABU"). WABU is a limited liability company organized under the laws of the State of Florida and is a wholly-owned subsidiary of Pirtek USA. On January 21, 2020, WABU acquired six (6) Pirtek locations, d/b/a Pirtek Ft. Myers ("Ft. Myers"), Pirtek Lakeland ("Lakeland"), Pirtek Ocala ("Ocala"), Pirtek Pensacola ("Pensacola"), Pirtek Sarasota ("Sarasota") and Pirtek Tallahassee ("Tallahassee"). See Business ~~Acquisitions~~ Note Sales Note. Both Norfolk and Virginia Beach offered hydraulic/industrial hose installation and replacement services at its retail location in Virginia Beach, Virginia and via service/delivery vehicles. The six (6) Pirtek locations offer hydraulic/industrial hose installation and replacement services at retail locations in the State of Florida and via service/delivery vehicles and three (3) at retail locations in the State of Florida. On December 1, 2021, Pirtek USA sold off four (4) of the six (6) locations. The locations sold were Sarasota, Lakeland, Ocala, and Fort Myers. On February 8, 2022, Pirtek USA sold off the remaining two (2) locations: Pensacola and Tallahassee.

Pirtek Fluid Systems Canada, LTD. ("Pirtek Canada") is a British Columbia company and a wholly-owned subsidiary of Pirtek USA. Pirtek Canada intends to operate as a franchisor in the Canadian market offering franchising services like Pirtek USA. The subsidiary began operations on July 1, 2020. In 2020, Pirtek Canada's operations were de minimis. In 2021, Pirtek USA consolidated this entity with the financial statements. The first revenues derived from franchisee operations began in 2023.

Pirtek Las Vegas, LLC (a Nevada limited liability company), d/b/a Pirtek Las Vegas ("Las Vegas"), is a potential company store location that ultimately would be sold to a potential franchisee and wholly-owned subsidiary of Pirtek USA. The subsidiary was established in May of 2021. Las Vegas intended to offer hydraulic/industrial hose installation and replacement services in its Las Vegas, Nevada territory. Las Vegas' operations were de minimis. In 2021, Pirtek USA consolidated this entity with the financial statements. In 2023, it was determined that this entity would not operate, and the legal entity was dissolved.

During October 2023, there was a transaction that resulted in a change in control of the ownership of

Pirtek USA. The parent of Pirtek USA did not elect push-down accounting to recognize the transaction at the Pirtek USA level.

~~Pirtek USA, LLC and Subsidiaries~~
~~Pirtek USA, LLC and Subsidiaries~~
Consolidated Balance Sheets
Years Ended December 31, 2024, 2023 and 2022

Pirtek USA, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023, 2022 and 2021
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022

Principles of consolidation

The consolidated financial statements include the accounts of Pirtek USA and Pirtek Canada, ~~Ft. Myers (January 2020 through November 2021), Lakeland (January 2020 through November 2021), Ocala (January 2020 through November 2021),~~ Pensacola (January 2020 through February 2022), ~~Sarasota (January 2020 through November 2021),~~ Tallahassee (January 2020 through February 2022), Virginia Beach (November 2020 through December 2022), Las Vegas (May 2021 through June 2023), its wholly-owned subsidiaries (the "Company"). All intercompany accounts and transactions have been eliminated in consolidation.

New accounting pronouncements

~~Measurement of~~ Allowance for credit losses ~~on financial instruments~~

The Company has adopted ASU No. 2016-13, *Financial Instruments - Credit Losses* ("Topic 326") on January 1, 2023. Under Topic 326, an entity recognizes as an allowance its estimate of expected credit losses on certain financial instruments, including accounts and notes receivable, which will result in more timely recognition of such losses. Impairment is based on expected, rather than probable, credit losses. The method applied by the Company is the historical collection method, in which expected credit losses are determined on the basis of historical collections. The adoption of Topic 326 did not have a material impact on the Company's financial position as of January 1, 2023. The Company's provision for expected credit losses is presented net of its accounts and notes receivable on the accompanying consolidated balance sheets.

Use of estimates

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

Revenue recognition

The Company recognizes revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 606, *Revenue from Contracts with Customers* ("Topic 606").

Topic 606 prescribes a five (5) step model that focuses on transfer of control and entitlement to payment when determining the amount of revenue to be recognized. Under Topic 606, an entity is required to perform the following five (5) steps: (1) identify the contract(s) 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 revenue when (or as) the Company satisfies a performance obligation.

Pirtek USA recognizes revenues on product sales at a point in time as products are ~~shipped to the franchisees~~ transferred to the customer, either upon shipment or delivery dependent on the terms of the contract. The wholly-owned subsidiaries recognize revenues on product sales as products are sold or installed and on services as services are completed.

Pirtek USA recognizes revenues over time on initial individual franchise and training fees of \$20,000

- ~~\$50,000~~ \$55,000 when all of the following criteria are met: (1) the parties to the contract have approved the contract and are committed to perform their respective obligations, (2) the Company is able to identify each party's rights regarding the goods or services to be transferred, (3) the Company is able to identify the payment terms for the goods or services to be transferred, (4) the

contract has commercial

Pirtek USA, LLC and Subsidiaries

~~Pirtek USA, LLC and Subsidiaries~~

~~Notes to Consolidated Financial Statements~~

Years Ended December 31, 2022 and 2021

substance and (5) it is probable that the Company will collect substantially all of the consideration to which they are entitled in exchange for the goods or services transferred to the franchisee. Services included in the initial fee include training, site selection, marketing, and other consulting services.

Pirtek USA, LLC and Subsidiaries

Upon the ~~opening~~completion of the ~~location~~services, initial individual franchise fees are recognized as revenue, ranging from \$10,000 - \$20,000. The remainder of the initial individual franchise fees are recognized over the life of the franchise agreement which is typically ten (10) years.

Pirtek USA recognizes ~~revenues~~revenue at a point in time on licensing fees monthly as they are billed to the franchisees. Licensing fees equal 4% of a franchisee's monthly gross sales.

Pirtek USA recognizes revenue at a point in time on Technology Fees monthly as they are billed to the franchisees. Technology Fees are for software services, mobile technology, cyber security, other communication lines, and technology services. Technology fees are comprised of ~~two~~three separate billings. An initial technology fee is charged in the amount between \$5,000 and \$8,000. Franchisees must pay these fees on or before the day of opening and are earned upon completion of services. A software fee is charged at a minimum of \$255 per month per license for a minimum number of licenses. A mobile software fee is charged at a minimum of \$75 per month per mobile unit for a minimum number of mobile units. Franchisees at their discretion can increase the number of licenses above the minimums for an additional charge.

Pirtek USA recognizes revenue at a point in time on Opening Setup Fees in the amount between \$5,000 and \$10,000. Franchisees must pay these fees on or before the first day of the initial training program. In exchange for the fees, the Company spends approximately 10-15 business days at the Franchisees' center to generally get them ready to open their Center for business.

Deferred revenue

Deferred revenue consists of funds received for initial franchisee fees which are amortized as revenue over the life of the franchise agreement which is typically ten (10) years. Management records the current portion of deferred revenue in the current liabilities section of the consolidating balance sheets and classifies the remaining portion as long term. The Company offers various initial franchise fee arrangements. Generally, the initial franchise fee is ~~\$50,000~~55,000, of which \$10,000 - \$20,000 is recognized upon ~~opening of the location~~completion of services included in the initial fee, and the remaining balance is amortized over the life of the franchise agreement. The balance of deferred revenue ~~at on~~ December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively was ~~\$1,913,199~~3,208,253, ~~\$1,674,398~~1,913,199, and ~~\$1,046,979~~1,674,398. The balance of deferred revenue as of January 1, ~~2021~~2022, was ~~\$775,025~~1,046,979.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Company considers all ~~highly liquid~~highly-liquid debt instruments purchased with a maturity date of three (3) months or less to be cash equivalents. The Company does not hold any cash equivalents. At times throughout the year, the Company's cash balances may exceed Federal Deposit Insurance Corporation ("FDIC") limits. The Company had cash deposits more than the FDIC limits totaling ~~\$11,354,413~~\$3,760,052, and ~~\$1,924,906~~and ~~\$3,076,741~~ as of December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively. The Company has not experienced any losses in such accounts.

Accounts and notes receivable

Accounts receivable evolve in the normal course of business. Pirtek USA considers receivables outstanding for more than sixty (60) days delinquent. All the wholly owned subsidiaries determine the delinquency of receivables on a case-by-case basis. Notes receivable range in interest from 0% to 9.12.50%. The finance charge is 9.5% - 10.5% (prime rate plus 2% during 20232024). The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. The Company's estimates are based on historical collection experience and a review of the current status of trade accounts receivable. For larger accounts, the allowance for losses is determined primarily

Pirtek USA, LLC and Subsidiaries

based on management's best estimate of probable losses, including specific allowances for known troubled accounts. The balance of net accounts receivable as of January 1, ~~2021~~2022, was ~~\$4,767,221~~\$5,172,655.

~~Pirtek USA, LLC and Subsidiaries~~ ~~Notes to Consolidated Financial Statements~~ ~~December 31, 2023, 2022 and 2021~~

The Company utilizes a loss rate approach in determining its lifetime expected credit losses on its loans to customers. This method is used for calculating an estimate of losses based primarily on the Company's historical loss experience. In determining its loss rates, the Company evaluates information related to its historical losses, adjusted for current conditions and for the period of time that can be reasonably forecasted. For the period of time beyond which the Company can reasonably forecast, the Company applies immediate reversion based on the facts and circumstances as of the reporting date.

Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all of the following: the borrower's creditworthiness, changes in lending policy and procedures, effect of other external forces such as competition, legal and regulatory requirements on the level of estimated credit losses in the existing portfolio, and the current and forecasted direction of the economic and business environment. Such forecasted information includes GDP growth, unemployment rates and interest rates amongst others. The balance of notes receivable as of January 1, ~~2021~~2022, was ~~\$3,140,656~~\$4,135,328.

Inventory

Inventory is stated at the lower of cost or net realizable value using the average cost method. Inventory consists of hydraulic hoses, metal hose fittings, shop and van equipment, office, and marketing supplies. A valuation allowance is provided for obsolete and slow-moving inventory to write down the cost to net realizable value, if necessary. The valuation allowance is calculated as a percentage of the inventory considered slow-moving based on the Company's historical sales data.

Property, plant and equipment

Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations in the period incurred. For financial reporting purposes, depreciation and amortization of property, plant and equipment are provided using the straight-line method over the estimated useful lives of the assets as follows:

Computer software and hardware	3 - 5 years
Office furniture and equipment	5 - 7 years
Van and warehouse equipment	7 - 10 years
Vehicles	5 years
Leasehold improvements	2 - 15 years

Intangible assets

The MFA was contributed to the Company by its member and former members as part of their initial capital contribution. Goodwill was recorded related to the purchase of assets by Pirtek USA, Inc. in February 1998. In May 1999, the Company paid \$156,000 for certain exclusive territory rights. The MFA, TLA, goodwill and territory rights, because of their indefinite lives, are all included with goodwill in regards to testing for impairment. If considered impaired, goodwill and intangible assets are written down to fair value and a corresponding impairment loss is recognized. Effective December 1, 2014, the Company has elected to apply the accounting alternative allowed under update 2014-02 to the *FASB ASC 350, Intangibles - Goodwill and Other*, and has begun amortizing the remaining goodwill related to the February 1998 purchase of assets using the straight-line method over ten (10) years.

~~Pirtek USA, LLC and Subsidiaries~~
Pirtek USA, LLC and Subsidiaries

Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022

Pirtek USA, LLC and Subsidiaries
~~Notes to Consolidated Financial Statements-~~
~~December 31, 2023, 2022 and 2021~~
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022

Income taxes

Pirtek USA is organized as a taxable corporation under the Internal Revenue Code ("IRC"). Accordingly, these consolidated financial statements include a provision for federal and state income taxes.

The Company accounts for income taxes in accordance with FASB ASC 740 "Accounting for Income Taxes." Federal and state income taxes are calculated and recorded on the current period's activity in accordance with the tax laws and regulations that are in effect.

In addition, Accounting for Income Taxes requires recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements or tax return. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the years in which the differences are expected to reverse.

The Company has adopted FASB ASC 740-10-05, "*Accounting for Uncertainty in Income Taxes*" ("ASC"). The ASC clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements. The ASC prescribes a recognition threshold and measurement attitude for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The ASC provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

At December 31, 2024, 2023, and 2022 ~~and 2021~~, the Company had no material unrecognized tax benefits and no adjustments to liabilities or operations were required. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of December 31, 2024, 2023, and 2022 ~~and 2021~~ the Company has not recorded any provisions for accrued interest and penalties related to uncertain tax positions.

Advertising costs

Advertising costs are generally charged to operations in the period incurred and totaled ~~\$362,110~~ 403,053, ~~\$333,505~~ 362,110, and ~~\$346,265~~ 333,505 for the years ended December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively.

Right-of-use assets

The Company's leases consist of noncancelable operating leases that relate to real estate agreements.

~~On January 1, 2022 (the "transition date"), the Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases ("Topic 842"), and elected to adopt the transition relief provisions from ASU 2018-11 to use this date as the date of initial application. Consequently, financial information has not been updated and the disclosures required under Topic 842 have not been provided for dates and periods before January 1, 2022. The Company's reporting for 2021 presented in the consolidated financial statements includes the disclosures required under ASC Topic 840.~~

Topic 842 establishes a right-of-use ("ROU") model that requires the Company to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than twelve months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of ~~activities and changes in net assets~~ income. Minimum rental payments under operating leases are recognized as a single lease expense on a straight-line basis over the term of the lease, while finance leases are recognized as interest and amortization expense.

~~December 31, 2023, 2022 and 2021~~

~~Paycheck Protection Program~~

~~The Company records Paycheck Protection Program ("PPP") loan proceeds in accordance with FASB ASC 470, Debt. Debt is extinguished when either the debtor pays the creditor or the debtor is legally released from being the primary obligor, either judicially or by the creditor. During 2021, the PPP loan was fully forgiven by the Small Business Administration (SBA) and included within other income in the accompanying consolidated statements of income.~~

~~Reclassifications~~

~~Certain accounts in the prior year consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the current year consolidated financial statements.~~

~~Date of Management's review~~

~~The Company evaluates events and transactions occurring subsequent to the date of the consolidated financial statements for matters requiring recognition or disclosure in the consolidated financial statements. The accompanying consolidated financial statements consider events through March ~~2014~~, ~~2024~~2025, the date at which the consolidated financial statements were available to be issued.~~

Pirtek USA, LLC and Subsidiaries

Note 2 - Business ~~acquisitions~~ sales Consolidated Statements of Cash Flows Years Ended December 31, 2024, 2023 and 2022

~~On November 30, 2021, Pirtek USA, LLC announced the sale of four (4) of the six (6) WABU locations for a purchase price of \$1,500,000. Pirtek USA, LLC recognized a gain of \$67,823 in fiscal year 2021 on the sale of the four WABU locations.~~

On February 8, 2022, Pirtek USA, LLC entered into an agreement for the sale of remaining two (2) of the six (6) WABU locations for a purchase price of \$430,000. Pirtek USA, LLC recognized a loss of \$476,768 in fiscal year 2022 on the sale of two (2) WABU locations.

On December 1, 2022, Pirtek USA entered into an agreement for the sale of the Virginia Beach location for a purchase price of \$300,000. Pirtek USA, LLC recognized a gain of \$17,303 in fiscal year 2022 on the sale of the Virginia Beach location.

Note 3 - Notes receivable

~~In May 2017, the Company entered into a note receivable related to the sale of the Palo Verde franchise in the amount of \$150,000. The interest rate is 6% and requires monthly payments of principal and interest for one hundred twenty (120) months. In March 2019, the Company amended the note for a principal amount of \$140,772, the interest rate is 6% and requires monthly payments of principal and interest in the amount of \$3,306 for forty eight (48) months. The note was scheduled to mature in March 2024. In February of 2021, the Company and Palo Verde entered into a Mutual Termination Agreement and the loan was written off.~~

In October 2017, the Company reclassified receivables due from an existing franchisee to a \$296,235 note receivable. The interest rate is 6% and requires payments interest only for the first twelve (12) months in the amount of \$1,481, payments of principal and interest totaling \$2,500 for months thirteen (13) through twenty-four (24), \$3,500 for months twenty-five (25) through thirty-six (36), \$4,500 for months thirty-seven (37) through forty-eight (48), and \$5,500 for months forty-nine (49) through sixty (60), with the first payment due on November 1, 2017. On October 1, 2022, a balloon payment of the outstanding principal and interest of \$168,671 was due. A new note receivable was entered into on October 1, 2022, for \$168,671. The interest rate is 8% and requires monthly payments of principal

Pirtek USA, LLC and Subsidiaries **Notes to Consolidated Financial Statements-** **December 31, 2023, 2022 and 2021**

and interest in the amount of \$6,300 for twelve (12) months. During 2023, the remaining balance of principal and interest was paid.

In July 2018, the Company entered into a note receivable related to the sale of the Foster franchise in the amount of \$777,448. The interest rate is 6% and requires payments of principal and interest in the amount of \$8,000 for one hundred twenty (120) months, with the first payment due September 1, 2018, and a balloon payment of \$155,129 due on October 1, 2028. During 2024, the remaining balance of principal and interest was paid.

In February 2019, the Company entered into a note receivable related to the sale of the Inland Valley and Commerce South franchises in the amount of \$800,000. The interest rate is 6% and requires payments of principal and interest in the amount of \$6,751 for sixty (60) months, with the first payment due April 1, 2019, and a balloon payment of \$608,073 due on March 31, 2024. As of June 30, 2024 the terms were modified to adjust the interest rate to 10.33% and the payments of principal and interest to \$8,800. The note matures on January 31, 2025, and remains currently outstanding on a month to month basis.

In February 2019, the Company entered into a note receivable related to the sale of the Tampa franchise in the amount of \$790,000. The interest rate is 6% and requires payments of principal and interest in the amount of \$18,771 for the first nine (9) months, payments of principal and interest of

\$8,771 for months ten (10) through thirty-six (36) with the first payment due March 1, 2019, and a balloon payment of \$495,318 due on February 1, 2022. In February 2020, the note was amended.

Pirtek USA, LLC and Subsidiaries

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The remaining balance due of \$709,587, the amended principal balance, requires payments of principal and interest in the amount of \$7,878 for thirty-six (36) months, with the first payment due March 1, 2020, and a balloon payment of \$539,264 due on February 1, 2023. During 2023, this note was amended to extend the maturity date to June 1, 2024, with a balloon payment of \$470,321 on that date. During 2024, the remaining balance of principal and interest was paid.

Pirtek USA, LLC and Subsidiaries

In September 2020, the Company reclassified receivables due from an existing franchisee to a \$400,000 note receivable. The interest rate is 6% and requires payments of principal and interest in the amount of \$4,802 for one hundred and eight (108) months, with the first payment due November 1, 2020. The note matures October of 2029. During 2024, the remaining balance of principal and interest was paid.

In December 2021, the Company entered into a note receivable related to the sale of the Sarasota, Ft. Myers, Lakeland, and Ocala franchises in the amount of \$1,450,000. The interest rate is 6% and requires payments of principal and interest in the amount of \$9,343 for thirty-five (35) months, with the first payment due January 1, 2022, and a balloon payment of \$1,377,037 due on December 1, 2024. During 2024, this note was amended with an interest rate of 9.75% and requires payments of principal and interest in the amount of \$14,000 with a balloon payment due on June 1, 2025.

In June 2023, the Company entered into a note receivable related to vehicle financing for an existing franchisee in the amount of \$103,566. The interest rate is 9% and requires payments of principal and interest in the amount of \$2,150 for sixty (60) months, with the first payment due June 1, 2023 and a maturity date of May 1, 2028.

Given the relative homogeneity of the borrowers (in terms of credit risk) and loans (in terms of type, amount, and underwriting standards) in the program, the Company manages this loan program on a collective basis. However, the Company concludes that the loss estimates for loans with credit deterioration is based on borrower-specific facts and circumstances because the repayment of those loans depends on facts and circumstances unique to each borrower. Therefore, the Company estimates expected credit losses on an individual basis for loans that no longer exhibit similar risk characteristics because of credit deterioration.

To estimate expected credit losses for individual loans without similar risk characteristics, the Company uses a lost rate method for each loan. Frequently, the Company has insight into the

Pirtek USA, LLC and Subsidiaries Notes to Consolidated Financial Statements- December 31, 2023, 2022 and 2021

likelihood of a credit loss as a result of information provided by the borrower and recent discussions with the borrower given the elevated credit risk for these loans.

To estimate expected credit losses for the remainder of the loans that continue to exhibit similar risk characteristics, the Company considers historical loss information (updated for current conditions and reasonable and supportable forecasts that affect the expected collectability of the amortized cost basis of the pool) using a loss-rate approach.

Note 4 - Intangibles

Effective December 2014, the Company adopted ASU 2014-02 to the FASB ASC 350, which allows an entity to take goodwill relating to each business combination ~~or reorganization event resulting in fresh-start reporting~~ (amortizable unit of goodwill) and amortize it on a straight-line basis over ten (10) years, or less than ten (10) years if the Company demonstrates that another useful life is more appropriate. Goodwill of the Company (or a reporting unit) shall be tested for impairment if an event occurs, or circumstances change that indicates the fair value of the Company (or the reporting entity) may be below its carrying amount. The Company has taken the remaining goodwill associated with the purchase of the assets of Pirtek USA, Inc. in February 1998, and began to amortize it over a ten

(10) year period effective December 1, 2014. The original costs of goodwill, the master franchise agreement and the exclusive territory rights were

\$975,834, \$450,000, and \$156,000, respectively. Amortization of goodwill, the master franchise agreement, and the exclusive territory rights of \$242,911, \$114,895, and \$30,913, respectively, were

Pirtek USA, LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023 and 2022

Pirtek USA, LLC and Subsidiaries

expensed through November 30, 2002. The master franchise agreement was deemed to have an indefinite life.

Years Ended December 31, 2024, 2023 and 2022

In January 2020, the Company acquired six (6) Pirtek centers which resulted in recording goodwill totaling \$780,774 and franchise agreements, reacquired, totaling \$300,000. Management records franchise agreements reacquired at fair value. An impairment loss is recognized for the amount that the carrying amount exceeds its fair value.

Management did not identify an impairment to goodwill and intangible assets during the years ended December 31, 2024, 2023, and 2022 ~~and 2021~~.

The gross carrying amount and accumulated amortization of intangible assets subject to amortization was as follows:

<u>December 31, 2023</u>				
	<u>Estimated Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Goodwill	10 years	\$ 975,834	\$ 913,771	\$ 62,063
Total		<u>\$ 975,834</u>	<u>\$ 913,771</u>	<u>\$ 62,063</u>
<u>December 31, 2022</u>				
	<u>Estimated Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
<u>December 31, 2024</u>	<u>Estimated life</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying value</u>
Goodwill	10 years	\$ 975,834	\$ 975,834	\$ -
Total		<u>\$ 975,834</u>	<u>\$ 975,834</u>	<u>\$ -</u>
<u>December 31, 2023</u>	<u>Estimated life</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying value</u>
Goodwill	10 years	\$ 975,834	\$ 838,771	\$ 137,063
			<u>3,771</u>	<u>62,063</u>
Total		\$ 975,834	\$ 838,771	\$ 137,063
			<u>3,771</u>	<u>62,063</u>
<u>December 31, 2022</u>	<u>Estimated life</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Net carrying value</u>

Pirtek USA, LLC and Subsidiaries Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021

<u>December 31, 2021</u>				
	<u>Estimated Life</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Value</u>
Goodwill	10 years	\$ 975,834	\$	\$

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2024, 2023 and 2022

			763,771 <u>83</u>	212,063 <u>1</u>
			<u>8,771</u>	<u>37,063</u>
Total	\$ 975,834	\$	763,771 <u>838,771</u>	212,063 <u>137,063</u>

Amortization expense of goodwill ~~and other intangible assets~~ totaled \$~~75,000~~62,063, \$75,000, and \$75,000 for the years ended December 31, 2024, 2023, and 2022~~and 2021~~, respectively.

~~Future amortization expense consists of the following:~~

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2024, 2023 and 2022

<u>Year Ending December 31,</u>	<u>Amount</u>
<u>2024</u>	<u><u>\$ 62,063</u></u>

Note 5 - Long-term notes payable

Long-term notes payable consists of the following at December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Note payable, related party, in relation to a member contribution agreement (see Transfers of Interest Note), originally payable in four quarterly interest only installments commencing March 2015 and sixteen quarterly principal installments of \$1,990,404, plus an amount equal to all interest accrued on the note through the date of payment, commencing March 2016 through December 2019, interest at 6%. The note is unsecured. In December 2019, the note maturity was extended through December 2024. These notes were paid off during 2023.	\$ -	\$ <u>7,842,471</u>	\$ <u>18,442,471</u>	<u>7,842,471</u>

Two (2) notes payables in the amounts of \$199,244 USD and \$710,557 USD, respectively. The notes are due on demand and bear no interest. During 2023, the note payable of approximately \$700,000 was paid off by the Company. The other loan of \$199,255 was paid off by ownership, recorded as a non-cash members' contribution, and is reflected in the

~~accompanying consolidated~~
accompanying consolidated statements of
~~of changes in members' equity (deficit).~~

	<u>-</u>	<u>-</u>	<u>958,047</u>	<u>909,801</u>
		<u>801</u>		
Total notes payable	<u>=</u>	<u>-</u>	<u>19,400,518</u>	<u>8,752,272</u>
		<u>8,752,272</u>		
Less: current portion	<u>-</u>	<u>-</u>	<u>958,047</u>	<u>909,801</u>
		<u>801</u>		
Long-term portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,442,471</u>	<u>\$ 7,842,471</u>
		<u>2,471</u>		

Note 6 - Transfers of interest

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements

~~Pirtek USA, LLC and Subsidiaries~~
~~Notes to Consolidated Financial Statements~~
~~December 31, 2024, 2023 and 2021~~

Note 6 – Capital leases

The following is an analysis of the leased equipment under capital leases by major asset class:

	December 31, 2023	December 31, 2022	December 31, 2021
Vehicles	\$ -	\$ -	\$ 234,367
Office equipment	-	-	73,769
Less: accumulated amortization	-	-	(55,213)
Net equipment under capital lease	\$ -	\$ -	\$ 252,923

Amortization of equipment held under capital leases included in depreciation and amortization expense totaled \$32,733 for the year ended December 31, 2021.

Note 7 – Transfers of interest

In accordance with the Company's limited liability company agreement, the membership interests of the Company shall be assignable in whole or in part. Unless otherwise approved by the members holding a majority interest, which consent may be granted or withheld in the sole discretion of such members, the assignee of a members' interest shall have no right to participate in the management of the business and affairs of the Company. An assignment of a membership interest shall entitle the assignee to share in such profits and losses, to receive such distribution or distributions, and to receive such allocation of income, gain, loss, deduction, or credit or similar item to which the assignor was entitled, to the extent assigned.

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2024, 2023 and 2022

Note 87 - Related party transactions

In December 2020, the Company entered a note receivable with a related party through common ownership in the amount of \$150,000. The note is non-interest bearing and does not require scheduled payments. ~~Note~~This note was fully paid off during 2022.

During 2024, the Company received product consulting services from a related party. Fees from these services totaled \$120,000 during the year ended December 31, 2024.

Note 98 - Commitments and

contingencies Leases

The Company occupies office facilities under a noncancellable lease with a related party. As of January 1, 2023, the Company amended this lease to include warehouse space. This amended lease is classified as an operating lease with a 20-year term. This lease contains multi-year renewal options, and renewals are not certain at this stage. Payments under this lease arrangement are all fixed. All contracts that implicitly or explicitly involve property, plant and equipment are evaluated to determine whether they are or contain a lease.

At lease commencement, the Company recognizes a lease liability, which is measured at the present value of future minimum lease payments, and a corresponding right-of-use asset equal to the lease liability, adjusted for any prepaid lease costs, initial direct costs, and lease incentives. To the extent a lease arrangement includes both lease and non-lease components, The Company has not elected the practical expedient to not separate lease and non-lease components for its leases. The Company remeasures lease liabilities and related right-of-use assets whenever there is a change to the lease term and/or there is a change in the amount of future lease payments.

~~Pirtek USA, LLC and Subsidiaries~~
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As the rate implicit in the lease is generally not readily determinable, the Company has elected to use the practical expedient available to private companies and uses a risk-free rate as the discount rate. For accounting purposes, the Company's leases commence on the earlier of (i) the date upon which the Company obtains control of the underlying asset and (ii) the contractual effective date of a lease. Lease commencement for most of the Company's leases coincides with the contractual effective date. The Company's leases generally have minimum base terms with renewal options or fixed terms with early termination options. Such renewal and early termination options are exercisable at the option of the Company and, when exercised, usually provide for rental payments during the extension period at then current market rates or at pre-determined rental amounts.

Unless the Company determines that it is reasonably certain that the term of a lease will be extended, such as through the exercise of a renewal option or nonexercise of an early termination option, the term of a lease begins at lease commencement and spans the duration of the minimum noncancellable contractual term. When the exercise of a renewal option or nonexercise of early termination option is reasonably certain, the lease term is measured as ending at the end of the renewal period or on the date an early termination may be exercised.

The Company includes variable rental payments based on a rate or an index such as the Consumer Price Index ("CPI") in its measurement of lease payments based on the rate or index in effect at lease commencement. Other types of variable lease payments are expensed as incurred. Rental payments on the lease typically provide for fixed minimum payments that increase over the lease term at predetermined amounts.

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
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Rent expense for the Company's operating leases involving real estate amounted to ~~\$2,789,429~~ and ~~2,640,691~~, \$2,789,429 and \$1,428,643 for the years ending December 31, 2024, 2023 and 2022, respectively, and is included in selling, general and administrative expenses in the Company's consolidated statements of income.

As of December 31, 2024, 2023 and 2022, the weighted average lease term remaining was, respectively, 18 years, 19 years and 9.75 years, and the weighted average incremental borrowing rate of the Company's operating leases was 4.06%, 4.06% and 4.22%. Supplemental cash flow information related to the Company's operating leases for the years ended December 31, 2024, 2023 and 2022 includes, respectively, cash paid for amounts included in the measurement of lease liabilities of \$2,024,469, \$2,091,619, and \$1,428,643.

Future annual maturity analysis of the Company's lease liabilities is as follows:

Undiscounted future minimum lease payments:	Operating Lease-
<u>2024 Undiscounted future minimum lease payments</u>	\$ <u>2,137,884</u> <u>Operating lease</u>
2025	2,202,021 \$ <u>2,085,203</u>
2026	2,268,084 <u>2,147,760</u>
2027	2,336,124 <u>2,212,192</u>
2028	2,406,207 <u>2,278,558</u>
<u>2029</u>	<u>2,346,915</u>
Thereafter	42,346,638 <u>7,753,228</u>
Total lease payments	53,696,955 <u>48,823,856</u>
Less:- imputed interest	(17,506,408) <u>15,205,196</u>
Total operating lease liability	36,190,547 <u>33,618,660</u>
Operating lease liability, current portion	(688,500) <u>741,029</u>
Operating lease liability, net of current portion	\$ 35,502,047 <u>3</u> <u>2,877,631</u>

Pirtek USA, LLC and Subsidiaries
Notes to Consolidated Financial Statements-
December 31, 2023, 2022 and 2021

Employee benefit plan

The Company sponsors a 401(k) plan for all qualifying employees. All employees meeting certain age and service requirements are eligible to participate in the plan. Eligible employees are allowed

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements December 31, 2024, 2023 and 2022

to defer up to 25% of their salaries as contributions, subject to IRC maximum limitations. The Company may also make matching contributions at its discretion. Company contributions to the plan totaled \$~~56,571~~45,837, \$~~39,040~~56,571, and \$~~36,207~~39,040 for the years ended December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively.

Litigation

From time to time, the Company may become subject to threatened and/or asserted claims arising in the ordinary course of business. Management provides provisions for these items to the extent that the losses are deemed both probable and reasonably estimable. There have been provisions of approximately \$243,000, \$~~213,000~~243,000, and \$~~113,000~~213,000 recorded for the years ended December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively.

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2024, 2023 and 2022

Note ~~10~~⁹ - Income taxes

Components of income tax expense (benefit) for the years ended December 31 are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>	
Current tax expense				
	<u>2024</u>	<u>2023</u>		<u>2022</u>
<u>Current tax expense</u>				\$ 1,898
Federal tax	\$ 3,391,240	\$ 2,929,903	\$ 2,930,487	
States tax	1,109,075	475,828	481,565	2,127
Total current tax expense	4,500,315	3,405,731	3,412,052	2,127
Deferred tax expense (benefit)	182,475	(128,700)	(126,812)	(24,100)
Total income tax expense	\$ 4,682,790	\$ 3,277,031	\$ 3,285,240	\$ 1,883

Significant components of the Company's net deferred income taxes are as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
	\$ 458,714	\$ 469,073	\$ 60,396	\$ 259,000
Deferred income tax asset				
Deferred income tax liability	(861,536)	(682,449)	(392,223)	(651,000)
Deferred tax liability, net	\$ (402,822)	\$ (213,376)	\$ (331,827)	\$ (392,000)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The major temporary differences that give rise to the deferred tax assets and liabilities are as follows: inventory capitalization, gains on asset disposals, deferred revenue, depreciation, and amortization of goodwill.

In assessing the ability to realize the deferred tax assets, management considers whether it is more likely than not that some portion or all the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the period in which these temporary differences become deductible. ASC 740 requires a valuation allowance to reduce the deferred tax assets reported if, based on the weight of the evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. On December 31, 2024, ~~2023~~, ~~2021~~ and ~~2021~~2022, no valuation allowance was required.

Pirtek USA, LLC and Subsidiaries
Notes to Consolidated Financial Statements
December 31, 2023, 2022 and 2021

The open tax years subject to examination with respect to the Company's operations are ~~2020~~, 2021 and, 2022 and 2023.

Note ~~11~~¹⁰ - Concentration

The Company had two (2) vendors that accounted for approximately ~~19~~17% of its total purchases for the year ended December 31, ~~2023~~2024, two (2) vendors that accounted for approximately 19%

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
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of its total purchases for the year ended December 31, ~~2022~~2023 and two (2) vendors that accounted for approximately ~~26.19%~~ of its total purchases for the year ended December 31, ~~2021~~2022. Accounts payable to these vendors totaled \$~~451,606~~630,523, \$~~776,236~~451,606, and \$~~194,688~~776,236 on December 31, 2024, 2023, and 2022 ~~and 2021~~, respectively.

Pirtek USA, LLC and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2024, 2023 and 2022

Note 1211 - Franchising

Revenue and costs consist of the following for the years ended December 31:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Company-owned stores</u>			
<u>Total income</u>	\$ -	\$ -	\$ 314,574
<u>Total expenses</u>	-	-	(344,372)
<u>Net income (loss) - company-owned stores</u>	\$ -	\$ -	\$ (29,798)
<u>Franchise, product and fees</u>			
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Company-owned stores-	\$ -	\$ 314,574	\$ 3,319,521
Total income			
Total expenses	-	(344,372)	(3,128,024)
Net income (loss) - company-owned stores	-\$ -	-\$ (29,798)	-\$ 191,497
Franchise, product and fees- Total income	\$ 41,007,031	\$ 35,265,913	\$ 28,723,166
	<u>42,817,928</u>	<u>41,007,031</u>	<u>35,265,913</u>
Total expenses	(30,613,195)	(26,272,556)	(21,765,104)
	<u>626,772</u>	<u>613,195</u>	<u>272,556</u>
Net income - franchise, product and fees	\$ 10,393,836	\$ 8,993,357	\$ 6,958,062
	<u>12,191,156</u>	<u>10,393,836</u>	<u>8,993,357</u>

Information about the number of Company-owned and franchised stores is as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Company-owned stores</u>				
Opened	-	-	-	-
Sold or converted	-	3	4	-
Acquired	-	-	-	-
In operation as of year-end	-	-	3	-
<u>Franchised stores</u>				
Opened	27	14	13	-
Converted from (to) company-owned	0	3	4	-
Terminated	4	3	2	-
In operation as of year-end	142	119	105	-
<u>Opened</u>	=	=	=	=
<u>Sold or converted</u>	=	=	=	=
<u>Acquired</u>	=	=	=	=
<u>In operation as of year-end</u>	=	=	=	=

Litera Comparison of 2024 FDD (Clean) - Initial and 2025 Pirtek FDD (clean) 03/31/2025

<u>Opened</u>	<u>24</u>	<u>27</u>	<u>14</u>
<u>Converted from (to) company-</u>			

Pirtek USA, LLC and Subsidiaries

Franchised stores

Notes to Consolidated Financial Statements
December 31, 2024, 2023 and 2022



Independent Member of Nexia International

cohnreznick.com

EXHIBIT 5

Franchisee and Franchisee Termination Lists

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

LIST OF OPERATIONAL FRANCHISEES AS OF DECEMBER 31, ~~2023~~2024

ALABAMA

PIRTEK HOOVER
Steve Kampwerth
131 W. Oxmoor Rd. Ste. 101
Birmingham, AL 35209
Phone: 205-618-8485

PIRTEK HUNTSVILLE
David Burns
150 Import Circle NW
Huntsville, AL 35806
Phone: 256-530-6055

PIRTEK MONTGOMERY
Larry & Traci Love
9348 Bristol Way
Montgomery, AL 36117
Phone: 404-550-6867

PIRTEK TUSCALOOSA
Steve Kampwerth
****Mobile Only****
Location: TBD
Phone: ~~404-550-~~
6867659-837-7579

~~PIRTEK TUSCALOOSA~~
~~Steve Kampwerth~~
~~****Mobile Only****~~
~~Tuscaloosa, AL 35401~~
~~Phone: 659-837-7579~~

ARIZONA

PIRTEK MESA GATEWAY
Melinda & Matt Krneta
8023 E Pecos Rd. Suite 106
Mesa, AZ 85212
Phone: 720-280-8087

PIRTEK SKY HARBOR
Stu Bartlett
5002 S 40th Street, Ste A
Phoenix, AZ 85040

Litera Comparison of 2024 FDD (Clean) - Initial and 2025 Pirtek FDD (clean) 03/31/2025

Phone: 602-414-4673

CALIFORNIA

PIRTEK BAKERSFIELD

~~Lee Andersen~~

~~**Mobile Only**~~

~~Location: TBD~~

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PIRTEK COMMERCE SOUTH

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National City, CA 91950

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& Raymond & Mary Beth Belin
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GEORGIA

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****Mobile Only****

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PIRTEK ATHENS

Michael Nagle

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Ken Adair & Charles Adair

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PIRTEK O'HARE

Ken Adair & Charles Adair

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Elk Grove Village, IL 60007

Phone: 847-640-7789

PIRTEK ROCKFORD

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Dekalb, IL 60015

Phone: 815-676-0960

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Ken Adair & Charles Adair

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South Holland, IL 60473

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Jose & Tara Evans

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PIRTEK AUBURN HILLS

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Grand Rapids, MI 49548
Phone: 888-747-8351

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****Mobile Only****
Location: TBD
Phone: 810-207-0001

PIRTEK KALAMAZOO

Ryan Schewe

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Phone: 1-866-6-PIRTEK

PIRTEK LANSING
Sharon Dorfman-Usher
Mobile Only
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Phone: 517-798-2010

PIRTEK MADISON HEIGHTS
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Phone: 248-336-8000

PIRTEK STERLING HEIGHTS
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Sterling Heights, MI 48310
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PIRTEK PLYMOUTH
Craig & Lynette Heitkamp
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Plymouth, MN 55441
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PIRTEK WEST METRO
Craig & Lynette Heitkamp
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Phone: 651-641-1414

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[Wes Snyder](#)
~~Richard & Lynn Armstrong~~ 316 Axminister Drive
Fenton, MO 63026
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PIRTEK OVERLAND
Wes Snyder
9425 Dielman Rock Island Ind Dr.
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PIRTEK ST. LOUIS
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Phone: 314-423-4600

PIRTEK SPRINGFIELD
Frank & Greg Myers
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Phone: 636-627-7476

NEVADA

PIRTEK LAS VEGAS NORTH
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NEW JERSEY

PIRTEK NEWARK

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[Jeff Hale](#)
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~~Matthew Mejia~~

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~~Guillermo Madraza~~Jason Timothy

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~~Stuart Morrison~~David Kellerstrass

& Randy White 2126 Irving Blvd.-

~~Dallas, TX 75247~~

Dallas, TX 75247

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Derrick & ~~Suite~~[Stephanie](#) Savory
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Lehi, UT 84043
Phone: 385-336-6999

**FRANCHISEES WHO SIGNED AGREEMENTS BUT WERE NOT
OPERATIONAL AS OF DECEMBER 31, ~~2023~~2024**

~~Jenny & Sharon Dorfman
Lansing, MI~~

Michele Mitchell & Scott Mitchell
San Marcos, CA
Phone: ~~248-336-8000~~760-218-4139

~~Brandon & Jessie Jones
Rosenberg, TX~~
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Bert Banaszak
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~~Balie Kirha Tulsa West, OK~~
Zachary McNelis
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~~Dennis Marceaux
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Robert "Hutch" Hutchinson, Brandon Shavers & Gary Shavers
Oklahoma City, OK
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Alex Nyame
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Phone: 732-763-4916

~~Angela Elizarraras & Martha Barron Victorville, CA~~
Michael Lee
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Colin Clark
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Phone: 541-480-9214

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~~Richard Venter & Ronald Venter~~
~~Portland, OR~~
Robert Fitzpatrick
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~~Jeff Hale~~
~~Memphis, TN~~
Robert Greenberger
Smithtown, NY
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~~6673~~516-929-4673

~~Brian Rue~~
~~Tomball, TX~~
Phone: ~~713-875-9405~~

~~Michael Nagle~~
~~Athens, GA~~
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~~Ston Sauveur~~
~~Pembroke, MA~~
Phone: ~~774-240-5526~~

**LIST OF FRANCHISEES WHO CEASED TO DO BUSINESS UNDER THE
FRANCHISE AGREEMENT, OR HAD AN OUTLET TERMINATED, CANCELLED OR
NOT RENEWED AS OF DECEMBER 31, ~~2023~~2024**

~~Scott Cleaver Asheville, NC Phone: 336-399-0580~~

Lee Andersen

Bakersfield, CA

Phone: 760-423-8141

Reason for Leaving: ~~Mutual~~ Termination

Guillermo Madrazo

El Paso, TX

Phone: 915-283-9662

Reason for Leaving: Termination

~~Salvatore Cavalieri & Luis Albuquerque Tallahassee, FL~~

Matthew Gary

Chattanooga, TN

Phone: ~~850-755-~~

~~7561~~423-475-6230

Reason for Leaving: Mutual Termination

~~Salvatore Cavalieri & Luis Albuquerque~~

~~Pensacola, FL~~

Balie Kirha

Tulsa West, OK

Phone: ~~850-755-7561~~315-278-7113

Reason for Leaving: Mutual Termination

**FRANCHISEES TRANSFERRED THEIR FRANCHISE AGREEMENT AS OF
DECEMBER 31, ~~2023~~2024**

PIRTEK ~~Lake~~

~~Winnebago~~Fenton

Phone: ~~(979)324-~~

~~7050~~636-600-1981

From: Richard Armstrong & Lynn Armstrong/WALA Holdings LLC

To: Wes Snyder/ St Louis Hydraulics, LLC

PIRTEK Foster (renamed PIRTEK Woodbine)

Phone: 615-326-1300

From: Matt Meija/WPLJR LLC

~~From: Mike Sitzberger/ K&S Right Choice Services LLC To: Dan & To: Dylan & Dan Rausch/ BKJ-~~
~~Investment Group~~ADD Services, LLC:

PIRTEK Plano South

Phone: 972-423-1111

From: Ed Loutherback/Edwin Paul, Inc.

To: Brian Reeves/ SMR Reeves

PIRTEK

~~Overland~~Daytona

Phone: ~~281-837-~~

~~7203~~386-947-7222

~~From: Jared Gross & Andrew Xavier/ Gross~~Dan Ferretti and Karin

Ferretti/Space Coast Hydraulics, Inc. To: Wes Snyder/ St-

~~Louis~~Isaac Cooper/ Daytona Hydraulics, LLC

PIRTEK Philips Highway

Phone: 904-647-6533

From: Stephen Goulette/Trollinator Corporation

To: Austin Heneveld/ Locke and Leigh LLC

PIRTEK ~~St-~~

~~Louis~~Jacksonville

Phone: ~~210-822-~~

~~0800~~904-229-4648

From: Stephen Goulette/Trollinator Corporation

To: Austin Heneveld/ Locke and Leigh LLC

~~From: Jared Gross & Andrew Xavier/ Gross Hydraulics-~~

~~To: Wes Snyder/ St. Louis Hydraulics, LLC~~

PIRTEK South End
Phone: 704-342-1677
From: Mike McArdle/McArdle Enterprises, LLC
To: Daniel Freeman/ DZIO Global Enterprises, LLC

PIRTEK North End
Phone: 704-342-1217
From: Mike McArdle/McArdle Enterprises, LLC
To: Daniel Freeman/ DZIO Global Enterprises, LLC

PIRTEK Grand Prairie
Phone: 469-460-7100
From: Stuart Morrison/Hydraulic Hose of Love Field LLC
To: David Kellerstrass & Randy White/ Hyd-TX, LLC

PIRTEK Love Field
Phone: 469-460-7111
From: Stuart Morrison/Pirdal LLC
To: David Kellerstrass & Randy White/ Hyd-TX, LLC

EXHIBIT 11

Manual Table of Contents



1. INTRODUCTION TO THE MANUAL

1.1 Manual Organization

This manual is organized into 12 main sections:

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You should read the entire manual at least once. Then when you refer back to the manual, the detailed table of contents will help you find the section relevant to what you are looking for.

~~Introduction to the Manual V6-~~
~~12.31.23~~

EXHIBIT 12

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:	April 11, 2023, as amended November 22, 2023 <u>pending</u>
Hawaii:	May 2, 2023, as amended November 22, 2023 <u>pending</u>
Illinois:	April 4, 2023, as amended November 14, 2023 <u>pending</u>
Indiana:	May 18, 2023, as amended November 10, 2023 <u>pending</u>
Maryland:	September 12, 2023, as amended December 11, 2023 <u>pending</u>
Michigan:	April 6, 2023, as amended November 10, 2023 <u>pending</u>
Minnesota:	May 18, 2023, as amended November 30, 2023 <u>pending</u>
New York:	April 20, 2023, as amended November 17, 2023 <u>pending</u>
North Dakota:	April 14, 2023, as amended December 27, 2023 <u>pending</u>
Rhode Island:	April 28, 2023, as amended November 29, 2023 <u>pending</u>
South Dakota:	April 5, 2023, as amended November 10, 2023 <u>pending</u>
Virginia:	April 28, 2023, as amended December 11, 2023 <u>pending</u>
Washington:	February 27, 2024 <u>pending</u>
Wisconsin:	March 31, 2023, as amended November 13, 2023 <u>pending</u>

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 13

Receipts

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.

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 Pirtek USA LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Pirtek USA LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580 and the appropriate state agency identified on Exhibit 1.

The name, principal business address and telephone number of each franchise seller offering the franchise is: John Dobelbower, Vice President of Franchise Development, or _____, 300 Gus Hipp Boulevard, Rockledge, Florida 32955, (321) 701-3330.

Issuance Date: March ~~29~~31, ~~2024~~2025.

I received a Disclosure Document issued March ~~29~~31, ~~2024~~2025 that included the following Exhibits: (1) List of State Administrators and Agent for Service of Process; (2) Development Agreement; (3) Franchise Agreement, (4) Financial Statements; (5) Franchisee and Franchisee Termination Lists;

(6) Form Confidentiality Agreement; (7) Form Franchise Renewal Addendum; (8) Form SBA Addendum; (9) Form General Release; (10) Form Assignment and Consent Agreement; (11) Manual Table of Contents; (12) State Effective Dates; and (13) Receipts.

Date: _____ Signed: _____
Print Name: _____
Address: _____
City: _____ State _____
Phone () _____ Zip _____

Date: _____ Signed: _____
Print Name: _____
Address: _____

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.

City: _____ State: _____
Phone () _____ Zip: _____

COPY FOR FRANCHISEE

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 Pirtek USA LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Pirtek USA LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C., 20580 and the appropriate state agency identified on Exhibit 1.

The name, principal business address and telephone number of each franchise seller offering the franchise is: John Dobelbower, Vice President of Franchise Development, or _____, 300 Gus Hipp Boulevard, Rockledge, Florida 32955, (321) 701-3330.

Issuance Date: March ~~29~~31, ~~2024~~2025.

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Date: _____ Signed: _____
Print Name: _____
Address: _____
City: _____ State: _____
Phone () _____ Zip: _____

Date: _____ Signed: _____
Print Name: _____

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.

Address: _____

City: _____ State _____

Phone () _____ Zip _____

~~COPY FOR PIRTEK~~

COPY FOR PIRTEK