

## FRANCHISE DISCLOSURE DOCUMENT



Screenmobile Franchising SPE LLC  
a Delaware limited liability company  
7120 Samuel Morse Drive, Suite 300  
Columbia, Maryland 21046  
(410) 740-1900  
[www.screenmobile.com](http://www.screenmobile.com)

The franchise provides residential and commercial window, patio, and door screens and repairs, as well as other related services.

The total investment necessary to begin operation of a SCREENMOBILE franchise is ~~\$165,700~~161,049 to ~~\$226,700~~222,592. This includes ~~\$119,900~~114,500 that must be paid to the franchisor or its affiliate(s). The total investment necessary to begin operation of a SCREENMOBILE franchise is \$45,250 to \$147,092 if you convert a pre-existing Screen Services business, or other business that offers any of the Approved Services, to a franchise under our conversion program as a Conversion Franchise. This includes \$21,250 to \$42,500 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact your personal Franchise Development Manager at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 and ~~(410)740-1900~~(410) 740-1900.

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

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

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

Issued: April ~~2529~~, ~~2023~~2024

## How to Use This Franchise Disclosure Document

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

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

**Competition from franchisor.** Even if the Franchise Agreement grants you a Territory, the franchisor may have the right to compete with you in your Territory.

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The Franchise Agreement requires you to resolve disputes with us by arbitration and litigation only in the judicial district in which we have our principal place of business at the time the action is commenced, which is currently Maryland. Out-of-state arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate with us or sue us in Maryland than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” pages for your state in Exhibit K.

## TABLE OF CONTENTS

ITEM	PAGE
ITEM 1	THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES .....1
ITEM 2	BUSINESS EXPERIENCE..... <a href="#">68</a>
ITEM 3	LITIGATION..... <a href="#">68</a>
ITEM 4	BANKRUPTCY..... <a href="#">810</a>
ITEM 5	INITIAL FEES..... <a href="#">811</a>
ITEM 6	OTHER FEES..... <a href="#">1015</a>
ITEM 7	ESTIMATED INITIAL INVESTMENT..... <a href="#">1924</a>
ITEM 8	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES..... <a href="#">1924</a>
ITEM 9	FRANCHISEE’S OBLIGATIONS..... <a href="#">2737</a>
ITEM 10	FINANCING..... <a href="#">2837</a>
ITEM 11	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING..... <a href="#">3040</a>
ITEM 12	TERRITORY..... <a href="#">3950</a>
ITEM 13	TRADEMARKS..... <a href="#">4355</a>
ITEM 14	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION..... <a href="#">4357</a>
ITEM 15	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS..... <a href="#">4458</a>
ITEM 16	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL..... <a href="#">4558</a>
ITEM 17	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION..... <a href="#">4659</a>
ITEM 18	PUBLIC FIGURES..... <a href="#">5266</a>
ITEM 19	FINANCIAL PERFORMANCE REPRESENTATION..... <a href="#">5367</a>
ITEM 20	OUTLETS AND FRANCHISEE INFORMATION..... <a href="#">6771</a>
ITEM 21	FINANCIAL STATEMENTS..... <a href="#">7178</a>
ITEM 22	CONTRACTS..... <a href="#">7178</a>
ITEM 23	RECEIPTS..... <a href="#">7279</a>

### EXHIBITS

- A. Franchise Agreement (including Data Sheet, Brand Appendix, [Conversion Incentive Program Addendum](#), Confidentiality and Non-Compete Agreement, Telephone Number and Internet Agreement, and EFT Agreement)
- B. Promissory Note, Guaranty, and Security Agreement
- C. Renewal Addendum
- D. Sample of General Release
- E. Questionnaire
- F. Franchisees as of December 31, ~~2022~~[2023](#)
- G. Franchisees That Exited a Franchise in ~~2022~~[2023](#)
- H. Operations Manual Table of Contents
- I. Financial Statements
- J. List of State Administrators and Agents for Service of Process

K. State Addenda/State Franchise Agreement Amendments

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

This disclosure document describes SCREENMOBILE franchises. In this disclosure document:

“SMF-SPE”, “Franchisor,” “we”, “us” and “our” mean Screenmobile Franchising SPE LLC, the franchisor.

“You,” “your,” or “Franchisee” refers to the individual or company that enters into a Franchise Agreement with us for a Franchised Business (a “Franchise Agreement”).

“Owners” means the person(s) identified in the Franchise Agreement as owners of the Franchisee and all other persons whom we may subsequently approve to acquire an interest in the franchise.

**The Franchisor**

We are a Delaware limited liability company organized on March 22, 2023. We do business under our company name and the SCREENMOBILE name. Our principal business address is 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046. To the extent we have appointed agents for service of process in other states, they are listed in Exhibit J.

**Our Parents, Predecessors, and Affiliates**

Our predecessor as franchisor of the SCREENMOBILE brand was The Screenmobile Corporation (“SMC”), a California corporation. SMC offered the franchises from 1984 until April 24, 2023. On February 8, 2023, Authority Brands, Inc. (“AB Inc.”) acquired substantially all of the equity of SMC (the “SMC Acquisition”).

**Securitization Transaction**

On April 24, 2023, AB Inc. undertook a secured financing transaction (the “Add-on Securitization”) by which the acquired SCREENMOBILE assets were contributed to a pre-existing pool of securitized assets. This pool was created as part of a previous secured financing transaction which closed on May 14, 2021 (the “2021 Securitization”). We were formed as part of the Add-on Securitization. The Add-On Securitization was completed on April 24, 2023, and all existing franchise agreements and related agreements for SCREENMOBILE businesses were transferred to us at that time. Ownership and control of all U.S. trademarks and certain intellectual property relating to the operation of SCREENMOBILE businesses were also transferred to us at that time.

At the time of the closing of the Add-on Securitization, we entered into a management agreement with AB Inc. to obtain the required support and services to SCREENMOBILE franchisees under their franchise and related agreements. AB Inc. also acts as our franchise sales agent. We pay management fees to AB Inc. for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all support and services we are obligated to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with all applicable agreements.

AB Inc. is the direct parent company of AB Guarantor and our indirect parent. AB Inc. was known as “Villa BidCo, Inc.” until changing its name to Authority Brands, Inc. effective May 17, 2021. AB Assetco, AB Issuer, AB Guarantor and AB Inc. all share our principal business address. Our ultimate majority owner are Funds advised by Apax Partners, LLP, a private equity firm based in London, United Kingdom (“Apax”).

Other than SMC, we have no predecessors as franchisor of the SCREENMOBILE brand within the last ten years. We began offering SCREENMOBILE franchises on April 25, 2023, the issuance date of this Disclosure Document.

From June 1984 until February 2023, SMC operated a company-owned SCREENMOBILE business in California. The company-owned business became an independent franchise at the time of the SMC Acquisition. As of the date of this disclosure document, we do not operate any company-owned SCREENMOBILE businesses.

Neither we nor our predecessor has offered franchises in any other line of business. However, as summarized in the table below, we have affiliates that offer franchises in other lines of business. Most of these affiliates were formed either as part of the 2021 Securitization or when our parent added a newly-acquired brand to the securitization pool, and each has a predecessor that offered franchises of the same brand before the 2021 Securitization closed or the newly-acquired brand was added.

[\[Remainder of page intentionally left blank\]](#)

Except as otherwise noted, all listed affiliates have the same address as us:

Affiliate	Franchise Offered	Month and Year Affiliate or its Predecessor Began Offering Franchises	Number of Franchises as of December 31, <del>2022</del> 2023
ASP Franchising SPE LLC Delaware limited liability company	ASP – AMERICA’S SWIMMING POOL COMPANY Swimming pool cleaning, swimming pool maintenance, swimming pool renovation services, and related services and products	January 2006	<del>128</del> <u>133</u>
Benjamin Franklin Franchising SPE LLC Delaware limited liability company	BENJAMIN FRANKLIN PLUMBING Plumbing repair and services	September 2001	<del>276</del> <u>324</u>
Color World New Franchise Systems, LLC Delaware limited liability company	COLOR WORLD PAINTING Residential and commercial painting; deck painting, staining, or repair; fence painting or staining; power washing; minor carpentry, cleaning or repair services; drywall repair; gutter installation or removal; and holiday lighting services and other related services.	January 2022	<del>50</del> <u>45</u>
DoodyCalls Franchising SPE LLC Delaware limited liability company	DOODYCALLS Exterior pet waste removal service and odor control service	July 2016	<del>73</del> <u>86</u>
STOP Franchising SPE LLC Delaware limited liability company	DRYMEDIC Residential and commercial restoration services,	April 2017	<del>27</del> <u>43</u>

Affiliate	Franchise Offered	Month and Year Affiliate or its Predecessor Began Offering Franchises	Number of Franchises as of December 31, <del>2022</del> <u>2023</u>
	including cleaning, deodorizing and reconstruction of buildings and contents due to fire, smoke, water, mold, normal wear, or other causes of damage, and other related services		
Homewatch CareGivers Franchising SPE LLC Delaware limited liability company	HOMEWATCH CAREGIVERS Companionship, personal care, complex personal care and nursing services provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses	January 1996	<del>224</del> <u>213</u>
Homewatch CareGivers International, Inc. Delaware corporation	HOMEWATCH CAREGIVERS Companionship, personal care, complex personal care and nursing services provided by home health aides, personal care providers, certified nurse assistants, licensed practical nurses and registered nurses	September 2017	9
Junkluggers Franchising SPE LLC Delaware limited liability company	THE JUNKLUGGERS Residential and commercial junk removal services, second-hand furniture procurement and retail services, and moving services	December 2012	<del>113</del> <u>135</u>
<u>Lawn Squad Franchising LLC</u> <u>Delaware limited liability company</u>	<u>LAWN SQUAD</u> <u>Residential and commercial weed control, lawn care, and related services</u>	<u>September 2023</u>	<u>0</u>

Affiliate	Franchise Offered	Month and Year Affiliate or its Predecessor Began Offering Franchises	Number of Franchises as of December 31, <del>2022</del> <u>2023</u>
Mister Sparky Franchising SPE LLC Delaware limited liability company	MISTER SPARKY Electric services	June 2006	<del>139</del> <u>163</u>
Monster Franchising SPE LLC Delaware limited liability company	MONSTER TREE SERVICE Residential and commercial tree services, including year-round performance of tree removal, pruning, land clearing, stump grinding, plant healthcare and other tree care services	September 2020	<del>247</del> <u>217</u>
Mosquito Squad Franchising SPE LLC Delaware limited liability company	MOSQUITO SQUAD Residential and commercial outdoor pest control services and equipment	January 2005	<del>215</del> <u>217</u>
One Hour Air Conditioning Franchising SPE LLC Delaware limited liability company	ONE HOUR HEATING & AIR CONDITIONING Residential and light commercial air conditioning and heating services	April 2003	<del>351</del> <u>385</u>
The Cleaning Authority Franchising SPE LLC Delaware limited liability company	THE CLEANING AUTHORITY Residential cleaning services	September 2010	<del>216</del> <u>221</u>
<del>The Cleaning Authority Brands</del> <u>Canda, Inc.</u> ("TCA Canada") New Brunswick, Canada corporation 1 Germain Street, Suite 1700 Saint John NB E2L 4V1	THE CLEANING AUTHORITY Residential cleaning services	August 2014	6

Affiliate	Franchise Offered	Month and Year Affiliate or its Predecessor Began Offering Franchises	Number of Franchises as of December 31, <del>2022</del> <u>2023</u>
Canada			
Woofie’s Pet Ventures, LLC Virginia limited liability company	WOOFIE’S Pet sitting and dog walking services as well as pet grooming services and/or other ancillary services related to pet care	November 2018	<u>939</u>

~~We also have a new affiliate that will begin franchising in 2023. The new affiliate, Weed Pro, Ltd., is in the business of weed control, lawn care, and related services but has never offered franchises previously. The affiliate will offer franchises under a name that has not been determined as of the date of this disclosure document.~~

We also have affiliates that ~~may~~ offer goods and services to our franchisees. These affiliates are:

- BuyMax SPE LLC, a Delaware limited liability company (“**BuyMax**”). BuyMax negotiates agreements with manufacturers, distributors, and service providers for the benefit of franchisees of our affiliates and our franchisees. BuyMax also sells products directly to our franchisees and to independent BuyMax members who are not affiliated with us and may compete with our brand.
- Successware SPE LLC, a Delaware limited liability company (“**Successware**”) and/or Authority Brands Payments SPE, LLC, a Delaware limited liability company (“ABP”) provides or arranges payment processing services for ~~us~~our franchisees and franchisees of our affiliates.

A parent company, AB Assetco, guarantees our duties and obligations under the Franchise Agreements that we sign while the guarantee is in place if we become unable to perform our duties and obligations. See Item 21.

### The SCREENMOBILE Franchise

Our franchises provide residential and commercial window, patio, and door screens—from repairs to new screens—and other related services (“**Screen Services**”). Each franchise operates under the trademark SCREENMOBILE.

We offer franchises only to persons and business entities that meet our qualifications and are willing to undertake the investment and effort to own and operate a SCREENMOBILE business. Our current form of Franchise Agreement appears in Exhibit A to this disclosure document.

The Franchise Agreement authorizes you to use the trademarks, service marks, trade names, logos, and symbols we designate (the “**Marks**”) to provide Screen Services (the “**Franchised Business**”). The Franchised Business will operate according to the know-how and system of operation we have developed

and continue to develop for the SCREENMOBILE brand (the “**System**”). The distinctive elements of the System include, but are not limited to: the products and services offered; our customer service standards; our standards and specifications for equipment, technology, supplies, and operations; our advertising and promotional programs and marketing techniques; the exterior and interior design, décor, color scheme, fixtures, and furnishings of the business premises; and the accumulated experience reflected in our Training Program and instructional materials. We have described our mandatory and recommended standards and procedures in a confidential operations manual (the “**Operations Manual**” or also sometimes referred to as the “**Brand Standards Manual**”) or in other writings designated by us as part of the standards for the System (collectively with the Operations Manual, “**System Standards**” or “**Brand Standards**”). If you become a franchisee, we will provide you with electronic access to the Operations Manual. We have the right to change the Operations Manual and the System Standards at any time.

You will operate your SCREENMOBILE Franchised Business as a mobile business from a truck or van. Most franchisees operate the SCREENMOBILE Franchised Business out of their home, but you may choose to rent a self-storage facility, executive suite office, or other commercial space. The specific street address or site that we have approved for your business premises is called the “**Approved Location**”. However, some of our franchisees have multiple franchises in contiguous or adjoining territories. In those circumstances, we may allow the franchisee to operate their Franchised Businesses from an Approved Location in only one of the franchised territories.

[If your franchise is a new Franchised Business, we refer to it as a “Start-Up Franchise.” If you are converting an existing Screen Services business, or other business offering any of the Approved Services, into a Franchised Business, we refer to it as a “Conversion Franchise.” We may pursue opportunities to convert similar businesses operating under different trade names to a SCREENMOBILE Franchised Business.](#)

## **Industry-Specific Regulations**

There are federal, state, and in some cases local regulations pertaining specifically to the operation of residential and commercial window, patio, and door screen and repair service businesses. State requirements vary widely. Other legal regulations that apply to all businesses generally may include Federal, state, and city, county, parish, borough, municipality or other local laws:

Federal. Examples of federal laws are wage and hour, occupational health and safety, equal employment opportunity, hazardous materials communication to employees, hazardous waste and environmental, and the Americans With Disabilities Act.

State. State laws may cover the same topics as federal laws. Examples of state laws include environmental, occupational health and safety, fire, health, and building and construction laws.

Local. Local laws may cover the same topics as federal and state laws. Examples of local laws include health and sanitation, building codes, fire codes, and waste disposal.

You are responsible for obtaining all licenses and permits which may be required for your business. We strongly recommend that before signing the Franchise Agreement, you engage an attorney and other professional advisors to advise you in determining the laws, ordinances and regulations affecting your establishment or operation of a franchise, to assist you in evaluating the financial ramifications of this business decision, and the risks of this business investment.

## **General Market for the Services/Competition**

The market for Screen Services is well established and very competitive. The Screen Services business operates year-round; however, in some states, screen replacement and repair may be seasonal and reduce substantially during certain times of the year because of poor weather conditions. The primary market for Screen Services consists of both individual homeowners and commercial businesses. Your competitors will be local and national Screen Services companies, as well as individuals who provide Screen Services on a full or part time basis.

## **ITEM 2** **BUSINESS EXPERIENCE**

As noted in Item 1, AB Inc. manages our franchising activities and acts as our franchise sales agent. Listed below are the officers of SCREENMOBILE, the officers of AB Inc., and the employees of AB Inc. who have management responsibility relating to the sale or operation of the franchises offered in this disclosure document.

### **President: Scott D. Walker**

Scott D. Walker has been our President since April 2023 and held the same position with our predecessor, SMC, from July 1998 to April 2023. Mr. Walker is located in Thousand Palms, California.

### **Vice President: Monty L. Walker**

~~———— Monty L. Walker has been our Vice President since April 2023 and held the same position with our predecessor, SMC, from July 1984 to April 2023. Mr. Walker is located in Thousand Palms, California.~~

### **Chief Executive Officer; Executive Vice President of Trade Brands for ~~Authority Brands~~AB Inc.: Mark Dawson**

Mr. Dawson has been our Chief Executive Officer since April 2023 and held the same position with our predecessor, SMC, from February 2023 to April 2023. Since April 2022, he has also served as Executive Vice President of Trade Brands for ~~Authority Brands~~AB Inc. and Chief Executive Officer for several of our affiliates. He previously held the position of Chief Operating Officer with our affiliated brands, Benjamin Franklin Plumbing, One Hour Heating ~~and~~ Air Conditioning, and Mister Sparky from July 2019 to April 2022 and with DRYmedic (f/k/a STOP Restoration) from February 2022 to April 2022. Mr. Dawson also has been the owner of DTRT, LLC from December 2015 to present. This entity operates four DRYmedic franchises in Phoenix, Arizona and previously operated two Hand & Stone Massage and Facial Spas located in Phoenix, Arizona. Mr. Dawson was the co-owner of DTRTCA, LLC from January 2017 to October 2022, which operated one Hand & Stone Facial Spa located in California.

### **Director of Marketing of ~~Authority Brands~~: Kari Sanders**

~~Ms. Sanders has been the Director of Marketing of Authority Brands since May 2021. From March 2020 to May 2021, she was the Director of Marketing for Parsons Commercial Roofing, Inc. in Waco, Texas. From July 2016 to March 2020, Ms. Sanders was the Area Leader of Marketing for Raising Canes LLC in Waco, Texas~~

**Senior Vice President: Clint Rowley**

Clint Rowley has been our Senior Vice President since March 2024. Mr. Rowley was the Vice President of Operations for our affiliate brand, Monster Tree Service (“MTS”), from April 2022 to March 2024. He was MTS’ Sr. Director of Operations from May 2021 to April 2022 and held the same position with its predecessor from November 2020 to May 2021. Since 2012, Mr. Rowley has owned an ASP - Americas Swimming Pool Company franchise in Mesa, Arizona. From October 2007 to December 2020, he was the owner of Real Property Management LLC in Mesa, Arizona.

**Vice President: Ben Torrie**

Mr. Torrie has been our Vice President since February 2024. From February 2023 to February 2024 Mr. Torrie was Franchise Development Manager for AB Inc and held the same position for our predecessor from October 2020 to February 2023. From June 2012 to September 2020 Mr. Torrie was Vice President of Learning Solutions for Eagle's Flight of America in Thousand Palms, California.

### **Senior Director of Marketing of AB Inc.: Adam Terranova**

Mr. Terranova has been the Senior Director of Marketing of AB Inc. since January 2024. From October 2018 to January 2024, he was the Senior Director of Digital Strategy & Strategic Initiatives for Restaurant Co, LLC d/b/a WOWorks, the parent company of several food service franchises in St. Petersburg, Florida.

### **President and Chief Executive Officer of ~~Authority Brands~~ AB Inc.: Craig Donaldson**

Mr. Donaldson has been the President and CEO of ~~Authority Brands~~ AB Inc. since August 2022 and holds the same position with a number of our other affiliates. Since September 2018, he has been a member of the Board of Directors for ~~Authority Brand~~ AB Inc.'s parent company. Concurrently, from March 2019 to April 2020, he was an Executive Advisor for Money Mailer in Cypress, California. From February 2016 to April 2018, he was the Chief Executive Officer of VASA Fitness in Orem, Utah. From June 2012 to June 2015, Mr. Donaldson was CEO of Service Brands International, the franchisor of Molly Maid, Mr. Handyman, and Protect Painters. From November 1997 to September 2011, he was CEO of Harris Research Inc., the franchisor of Chem-Dry Carpet and Upholstery Care and N-Hance Wood Renewal.

### **Chief Financial Officer, Treasurer and Director: ~~Silpa Velaga~~ Somer Webb**

Ms. ~~Velaga~~ Webb has been ~~the our~~ Chief Financial Officer ~~of Authority Brands since May 2019~~ and ~~its~~ Treasurer since ~~April 2020~~. ~~She has been our CFO and Treasurer since April 2023 and held the same position with our predecessor, SMC, from February 2023 to April 2023. She has held~~ December 2023 and holds the same positions with AB Inc. and a number of our other affiliates ~~and their predecessors~~. From ~~September 2014 to May 2019, Ms. Velaga was a Director, Deals with PricewaterhouseCoopers~~ 2022 to December 2023, she was the Chief Financial Officer of Solo Brands, the parent company of direct-to-consumer lifestyle brands in Dallas, Texas. Ms. Webb held the position of Chief Financial Officer from January 2019 to May 2022 for Worldwide Express, a shipping and logistics company in Dallas, Texas. Concurrently, from February 2022 to April 2022, Ms. Webb held the position of Chief Financial Officer for Kent Outdoors, the parent company of several outdoor equipment brands in New York, New York London, Connecticut.

### **Chief Growth Officer of ~~Authority Brands~~ AB Inc.: Heather McLeod**

Ms. McLeod has been ~~the~~ Chief Growth Officer of ~~Authority Brands~~ AB Inc. since November 2022. From December 2018 to November 2022, she was the Chief Marketing Officer of ~~Authority Brands. From January 2015 to April 2017~~ AB Inc. Since October 2023, Ms. McLeod ~~was Director of Marketing for our affiliate, The Cleaning Authority, LLC, and was then promoted to Vice President of Marketing and held the position from April 2017 to December 2018~~ has owned an interest in PowerPawsGirls, LLC, a Woofie's franchise in Columbia, Maryland.

### **Senior Vice President of Franchise Development of ~~Authority Brands~~ AB Inc.: Jordan Wilson**

Mr. Wilson has been ~~the~~ Senior Vice President of Franchise Development of ~~Authority Brands~~ AB Inc. since January 2023. From January 2015 to December 2022, he was the Senior Vice President, Franchise for Scorpion Marketing.

### **Vice President of Franchise Development of ~~Authority Brands~~ AB Inc.: David Montanez**

Mr. Montanez has been ~~the~~ Vice President of Franchise Development of ~~Authority Brands~~ AB Inc. since May 2021. From June 2018 to April 2021, he was Senior Director, Franchise Sales of ServiceMaster

Brands in Memphis, Tennessee. ~~From April 2014 to June 2018, Mr. Montanez was the Marketing Expansion Manager for ServiceMaster Clean in Memphis, Tennessee.~~

**Vice President of Franchise Development of ~~Authority Brands~~ [AB Inc.](#): Joshua Minturn**

Mr. Minturn has been ~~the~~ Vice President of Franchise Development of ~~Authority Brands~~ [AB Inc.](#) since January 2023. From November 2018 to March 2020, he was the Vice President of Franchise Development for The Maids International, a residential cleaning franchisor, in Omaha, Nebraska, and from March 2020 to November 2022, its Chief Development Officer. Concurrently, from March 2016 to April 2020, he was the Senior Director of Franchise Development for N-Hance Wood Refinishing, a floor refinishing franchisor, in Logan, Utah.

**[Vice of President of Brand Marketing of AB Inc.: Margaret Brodeck](#)**

Ms. Brodeck has been Vice President of Brand Marketing of AB Inc. since January 2024. She was the Senior Director of Marketing of AB Inc. from January 2023 to December 2023. From October 2022 to January 2023, she was the Senior Vice President of Marketing & Growth for Arosa in Richmond, Virginia. From November 2021 to October 2022, she was the Vice President of Marketing of AB Inc. From January 2020 to November 2021, Ms. Brodeck was the Vice President of Marketing for our affiliate, The Cleaning Authority. From September 2019 to January 2020, she was the Director of Marketing of AB Inc. From June 2018 to August 2019, she was an Associate with Harris Williams & Co. in Richmond, Virginia.

#### **Vice President, General Counsel and Secretary: Brian Balconi**

Mr. Balconi has been the Chief Legal Officer of ~~Authority Brands~~AB Inc. since May 2019 ~~and was its General Counsel from November 2018 to May 2019.~~ Mr. Balconi has been our Vice President, General Counsel and Secretary since April 2023 and held the same position with our predecessor, SMC, from February 2023 to April 2023. Mr. Balconi is also the Chief Legal Officer, General Counsel, Vice President, Secretary and/or Assistant Secretary of a number of our other affiliates and their predecessors. ~~From August 2018 to September 2018, Mr. Balconi was the General Counsel, Corporate Secretary, and a member of the board of directors of Dessange Group North America in Beverly, Massachusetts. From August 2017 to July 2018, Mr. Balconi was the President and then also the General Counsel of The Camp Franchise Systems, LLC in Chino Hills, California.~~

#### **Chief Operating Officer of Authority Brands: Rohit Chande**

~~Mr. Chande has been the Chief Operating Officer of Authority Brands since May 2021. He was Chief Transformation Officer of Authority Brands from July 2019 to May 2021. Since March 2020, he has also served as Director and an owner of Spectra International LLC, d/b/a Homewatch CareGivers of Silver Spring, Maryland. From July 2015 to April 2019, Mr. Chande was the Senior Vice President and board member of Amano McGann, Inc. in Minneapolis, Minnesota.~~

#### **President of BuyMax and ABP: Clare Perry**

Ms. Perry has been the President of ABP since December 2023 and the President of BuyMax since December 2022. She was BuyMax's Vice President of Sourcing from ~~November 2021 to November 2022 and was the Sourcing Director from~~ February 2020 to November ~~2021~~2022. From June 2019 to February 2020, she was a self-employed Procurement Consultant in Phoenix, Arizona. ~~From January 2015 to May 2018, Ms. Perry was the Global Managed Services Director for GSH Group, LLC, a facilities management company, in Parsippany, New Jersey.~~

Unless otherwise provided in this Item 2, each individual's employment described above is or was based in Columbia, Maryland.

### **ITEM 3 LITIGATION**

No litigation is required to be disclosed in this Item.

## ITEM 4 BANKRUPTCY

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

## ITEM 5 INITIAL FEES

### Franchise Fee

The base initial franchise fee (“**Franchise Fee**”) is \$49,500 for a franchise Territory with a population of approximately 150,000 Households. A “**Household**” consists of all the people who occupy a housing unit or other definition used by the U.S. Census Bureau. You must pay the Franchise Fee in a lump sum when you sign the Franchise Agreement, unless you finance it as described in Item 10 of this disclosure document. The Franchise Fee is not refundable under any circumstances.

### Territory Fee

In addition to the Franchise Fee, you must pay us a Territory Fee which is variable depending on the number of Households in your Territory (which will be defined by zip codes). The Territory Fee is calculated by multiplying the number of Households in the Territory by \$0.15. For example, the Territory Fee would be \$22,500 for a Territory with 150,000 Households. The number of Households will be defined, and the Territory Fee determined before you sign the Franchise Agreement. In certain limited circumstances, we may allow you to ~~purchase~~[add zip codes to your Territory boundaries during the term of your Franchise Agreement, resulting in](#) additional Households in your Territory, for a cost of \$0.15 per Household (“**Additional Household Fee**”).[See Item 12 for more information.](#)

As described below, we have discount programs for [Conversion Franchisees, our existing franchisees, existing affiliate franchisees, existing employees, military veterans and active duty personnel, women and minority first responders, minorities, woman](#) applicants, ~~existing franchisees, and existing employees. Because of these discount programs and because Territory Fees vary based on the number of Households, the initial fees paid to us are not uniform and we may vary, negotiate or make an exception to our standard Franchise Fee structure in other circumstances.~~ During the last fiscal year, ~~our predecessor we~~ collected Franchise Fees ranging from ~~\$19,7500~~ to \$49,500 and Territory Fees ranging from ~~\$14,1890~~ to ~~\$25,24923,908.65~~.

Except as noted below, discounts or other incentive programs cannot be combined. Additional restrictions may apply. We may discontinue particular discounts or variations at any time without notice.

You must pay the Franchise Fee, [and](#) Territory ~~Fee, and any applicable Additional Household~~ Fee in a lump sum when you sign the Franchise Agreement, unless you finance it as described in Item 10 of this disclosure document. The Franchise Fee, [and](#) Territory Fee ~~and any applicable Additional Household Fee~~ [is/are](#) not refundable under any circumstances.

### CONVERSION PROGRAM FOR AN EXISTING SCREEN SERVICES BUSINESS

[We offer special incentives to convert a pre-existing Screen Services business to a Franchised Business \(“Conversion Incentive Program”\). Under the terms of the Conversion Incentive Program, we defer payment of the Franchise Fee, and Territory Fee for a period of five years, and you may be eligible for forgiveness of up to 100% the Franchise Fee and Territory Fee, depending on the performance of your](#)

Franchised Business in the fifth year of operation after conversion, as compared to performance of your business in the year before conversion to a SCREENMOBILE Franchised Business. To defer payment of the Franchise Fee and Territory Fee, you must sign the Promissory Note and Guaranty in Exhibit B to this disclosure document; please see Item 10 for details.

In addition to deferral and potential forgiveness of the Franchise Fee and Territory Fee, franchisees under the Conversion Incentive Program are eligible for the following benefits:

- Up to 3 vehicle wraps valued at up to \$3,500 each, payable directly to a designated vendor;
- A \$500 credit toward the purchase of marketing materials from a designated vendor;
- Up to a \$500 credit toward the purchase of uniforms from a designated vendor;
- Reimbursement for the cost of installing exterior signs, subject to certain conditions and limitations; and
- Initial marketing services in an amount we determine, not to exceed \$5,000. We will pay these funds directly to an approved vendor.

These incentives only apply to the initial conversion of your Screen Services business. The incentives will not apply to any additional Territories that you add by signing an additional Franchise Agreement after the initial conversion of the Screen Services business. Any additional Franchise Agreements that you sign after your initial conversion will have Franchise Fees based on our standard then-current Franchise Fee calculation and any applicable Existing Franchisee Discount.

## Military Discounts

We are a member of the International Franchise Association (“IFA”) and we participate in the IFA’s VetFran® Program, which provides special financial incentives to qualified veterans. Pursuant to this program, we reduce the total of the Franchise Fee and Territory Fee by 30% for all honorably discharged veterans of American and Canadian armed forces (“**Veterans Discount**”).

~~In addition to the Veterans Discount above~~ If you are active personnel in the American or Canadian armed forces, we will reduce the Franchise Fee and ~~any applicable Additional~~ Territory Fee by 30% ~~for all personnel active in the American and Canadian armed forces~~ (“**Active-Duty Discount**”).

These discounts are for the first franchise only (first franchise of SCREENMOBILE or any of our affiliates). In determining whether an individual qualifies for the applicable discount, we may be guided by the definitions used by applicable United States or Canadian government offices, but the decision remains ours.

## Diversity Discount

We reduce ~~the total of~~ the Franchise Fee by \$5,000 for all minority-owned and women-owned businesses. To qualify for the Diversity Discount, the Franchised Business must be at least partially owned by a woman or minority who meets our requirements to purchase a Franchised Business. This discount is for the first franchise only (first franchise of ~~us~~ SCREENMOBILE or any of our affiliates). In determining whether an individual qualifies for the discount, we may be guided by the definitions used by applicable United States government offices, but the decision remains ours. As of the date of this disclosure document, we have adopted the definition of “minorities” to include the groups with the following ethnic origins: African, Asian Pacific, Asian Subcontinent, Hispanic, Native Alaskan, Native American and Native Hawaiian; and members of other groups designated from time to time by the Small Business Administration.

## Existing Franchisee Discount

If you are an existing SCREENMOBILE franchisee ~~or a franchisee of one of our affiliates~~, and you (i) meet our qualifications for expansion, and (ii) are licensing an additional ~~territory~~ Territory from us (for which you are signing a separate Franchise Agreement), we will reduce the total of the Franchise Fee and Territory Fee for the additional ~~territory~~ Territory by 30%. This discount currently applies to the second and subsequent franchise ~~purchased~~ licensed from us after the Initial Transaction. This discount does not apply to any transaction involving brokers or any other third-party referral sources. See Item 12 for the definition of “Territory”.

## Existing Franchisee Affiliate Discount

If you are an existing franchisee of one of our affiliates, and you (i) meet our qualifications for expansion, (ii) are licensing a Territory from us, and (iii) have not previously signed a Franchise Agreement with us, we will reduce the total of the Franchise Fee and Territory Fee for the first two territories to \$15,000 per Franchised Business at the time of signing your first franchise agreement(s) with us (the “Initial Transaction”). We will reduce the total of the Franchise Fee and Territory Fee by 30% for the third and subsequent Territories you license from us in the Initial Transaction. After the Initial Transaction, you will be deemed an existing SCREENMOBILE franchisee and any applicable Existing Franchisee Discount will be applied at the time you license additional territories from us. This discount does not apply to any transaction involving brokers or any other third-party referral sources.

## Existing Employee Discount

If you are an employee of AB Inc. and meet our qualifications to become a franchisee, we will reduce the total of the Franchise Fee and Territory Fee by 50% per Franchised Business you agree to open. To qualify for this discount, you must (i) own at least 51% of the Franchised Business, (ii) be designated as the Key Person in the Franchise Agreement and (iii) otherwise meet our requirements to purchase a Franchised Business. In the event you do not retain 51% ownership of the Franchised Business for a minimum of three (3) years, you will ~~be responsible for payment in~~retroactively lose the benefit of this discount and be required to pay us the amount equal to the difference between (a) the standard Franchise Fee and Territory Fee prior to application of the Employee Discount and (b) the actual Franchise Fee and Territory Fee you paid applying the Employee Discount. This discount does not apply to any transaction involving brokers or any other third-party referral sources.

## Local Hero/First Responder's Discount

We reduce the Franchise Fee by \$5,000 for all law enforcement officer, firefighter, doctor, nurse or emergency medical technician ("EMT")/paramedic-owned businesses. To qualify for this discount, the Franchised Business must be partially owned by an individual whose occupation is described above and who meets our requirements to purchase a Franchised Business.

## Additional Pre-Opening Purchases

In addition to the Franchise Fee and Territory Fee, you must pay us the following non-refundable amounts at the time of signing your Franchise Agreement:

*Start-Up Package.* ~~\$41,900~~42,500 for a start-up package that contains the equipment, supplies and services for the Franchised Business (including a trailer, trailer signage, equipment, tools, vehicle signage, stationary, branded items, marketing and advertising items, gift card for uniform purchases, tablet, phone, various office technology-related equipment, initial marketing collateral, product samples and bookkeeping services) (the "**Start-Up Package**"). We do not offer financing for the Start-up Package. The Start-Up Package does not include all of the tools and equipment you will need to operate your Franchised Business.

~~You may receive a \$3,750 discount to the Start-Up Package if you (or one of the owners, if the franchisee is a business entity) or one of your employees is a certified public accountant and you elect to perform your own bookkeeping services during the first year. If you do not continue to perform the required bookkeeping services for the Franchised Business for a minimum of one year, you must pay back the discount of \$3,750.~~

~~*Pre-Opening/Grand Opening Marketing.* \$6,000 for pre-opening and grand opening marketing (the "**Grand Opening Marketing Fee**"). This amount is in addition to the Annual Local Marketing Fee described in Item 6. We will use the fee to conduct initial local marketing for the Franchised Business up to a week in advance of opening of the Franchised Business and up to 60 days after opening the Franchised Business, or at another timeframe that we designate. We will utilize the marketing and public relations programs as well as media and advertising materials that we have developed or approved. Although not required as of the date of this disclosure document, we anticipate that sometime in 2024, we will begin collecting the Grand Opening Marketing Fee.~~

### Pre-Opening Training Fees

Before the Franchised Business opens, the Key Person (see Item 15) and any Owners that we designate must attend and successfully complete the initial training program described in Item 11. There is no training fee for the Key Person and/or Owners we designate. However, if you request and we agree to accept extra trainees, we may charge you a fee of \$1,000 per day per extra trainee. If you are the transferee of an existing Franchised Business and you have not previously completed our initial Training Program to our satisfaction, you must pay a transfer training fee of \$8,000 for up to 2 individuals. If applicable, the fee is due before the training session begins.

Opening Deadline Extension Fee. You are required to open the Franchised Business to the public by the deadline specified in your Franchise Agreement (the “Opening Deadline”). If you request an extension of the Opening Deadline, we have complete discretion whether to give an extension. If we agree to an extension, we have the right to charge you an extension fee of up to \$1,000 per month of extension. However, you will not be charged an extension fee if your request is accompanied by supporting documentation demonstrating to our satisfaction that, despite your best efforts, you are unable to obtain the necessary equipment to open and operate the Franchised Business by the Opening Deadline.

### **Uniformity of Fees**

Initial franchise fees paid may not be uniform. In addition to the discount and incentive programs described in this Item, we may vary, reduce, negotiate or make an exception to our standard Franchise Fee structure and/or payment terms related to mergers or other transactions, as well as for our existing franchisees or franchisees of our affiliates. For example, we may offer opportunities to purchase a franchise at a reduced initial fee to our or our affiliates’ qualified existing franchisees in good standing. We may discontinue, modify, withdraw or reinstate any such opportunities or variations to initial fees without notice to you at any time.

*[Remainder of page intentionally left blank]*

**ITEM 6  
OTHER FEES**

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
Royalty Fee (2)(3)	Beginning on the Original Opening Date, 7% of Gross Revenue. Beginning month 4 following the Original Opening Date, 7% of Gross Revenue or the Minimum Royalty Fee, whichever is greater. The Minimum Royalty Fee is:		
	<p style="text-align: center;"><b>Time Period Following Original Opening Date</b></p> <p>Months 4 to 12</p>	Monthly, unless we designate a different period	See Note 2 for the definition of " <u>Gross Revenue.</u> " See Note 3 for <del>the circumstances under which we may adjust</del> <u>additional explanation of the Minimum</u> Royalty Fee.
	Months 13 to 24		
	Months 25 to 36		
	Months 37+		
	<p><b>“Original Opening Date”</b> means the date on which you or any prior owner or predecessor operator of the Franchised Business first opened the</p>		

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
----------------------------	--------	----------	---------

Franchised Business.

If the cumulative Minimum Royalty Fee for the year to date (“YTD Minimum Royalty”) is greater than your actual year to date (“YTD”) royalties paid, we will bill you for the difference in the next billing cycle, or in another manner that we may designate from time to time.

Brand Fund Contribution	Currently, 2% of Gross Revenue	Same as Royalty Fee	The purpose of the Brand Fund is to support general development and recognition of the SCREENMOBILE brand.  We may specify a different Brand Fund Contribution, not to exceed 3% of Gross Revenue, upon notice to you.
Brand Fund Materials	Our costs	As invoiced	Payable only if we reproduce or customize Brand Fund materials for you.
Local Marketing (“LM”) and/or Cooperative	<del>Effective until notice of 2023 Local Marketing Fee change:</del> 4% of the preceding month’s generated Gross Revenue.  <del>Effective on notice of 2023 Local Marketing</del>	Monthly	<del>As of the date of this disclosure document, and until the 2023 notice of the 2023 Local Marketing Fee change</del> Generally, you

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
	<p><u>Fee change:</u></p> <p><del>Starting on the Original Opening Date, you are required to pay us \$36,000 per calendar year (an average of \$3,000 per month) for Local Marketing (“Annual Local Marketing Fee”), prorated for the first partial year of operation.</del></p>		<p><u>will</u> pay vendors, media outlets, etc. directly for LM.</p> <p><del>After the 2023 Local Marketing Fee change, you will generally pay the fee to us.</del> However, we may <del>still</del> require that you pay vendors, media outlets, etc. <u>directly for LM to the funds to us, and we will spend the funds on your behalf.</u></p> <p>If you participate in a Cooperative, the amount we require you to spend or contribute to the Cooperative will, at our option, be credited to your LM and/or Brand Fund Contribution obligations.</p>
Key Account Programs	Will vary under circumstances and may be determined based on number of participating franchisees or other factors.	As incurred	Payable to us or to vendor. See Note 4.
Territory Infringement Fee	<p>First violation: \$1,000 plus the invoice amount for the services performed</p> <p>Subsequent violation: \$5,000 plus the invoice amount for the services performed</p>	Within 5 days after demand	Territory infringement occurs when a franchisee generates Gross Revenue from a customer for products and/or services rendered within the territory of another Franchised Business without first obtaining that franchisee’s written permission.
Technology Fees	<p><u>CRM (Jobber) Software:</u></p> <p><u>Currently, \$295 per month. You may also pay a one-time fee of \$2,292 for a reduced fee equivalent to \$191 per month (payable directly to vendor)</u></p>	Monthly. We have the right to designate a different period	You must pay us a fee at our then-current rate for various required products and services, including selection and implementation of software applications.

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
	<p><u>Technology Fee:</u> Up to \$300 per month – currently \$100 per month.</p> <p>This fee covers 2 branded email addresses we provide for the Franchised Business. If you request and we agree to provide additional email addresses, we can charge up to \$50 per month for each additional email address.</p>		We can set the monthly fee at any amount up to \$300.
Call Center Fee	None currently.	Monthly. We have the right to designate a different period	<p>All telephone calls to the Franchised Business must be answered by a “live” voice. We have the right to require that you use a designated call center or a designated vendor (a “<b>Call Center</b>”) to provide “live” answering services for incoming calls. If we do so, you will have to pay a Call Center Fee in an amount that we designate. We can modify the Call Center Fee on 30 days’ notice to you.</p> <p><del>We may opt to increase your Royalty Fee by 1% of Gross Revenue if you fail to comply with your “live” answering requirement.</del></p>
Additional Opening Support Fee	A reasonable fee, up to \$500 per day, plus the reasonable travel, meal, and lodging expenses of our opening support personnel	As invoiced	If you request opening support beyond what we customarily furnish to franchisees, and if we agree to furnish such additional support, then we will have the right to impose a fee, plus expenses, for providing the agreed additional support.

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
<p><del>Training Fees— Pre-Opening</del></p> <p>Training Fees – Remedial and Optional Training</p>	<p><del>None, unless you request and we agree to accept extra trainees at \$1,000 per day per extra trainee, plus our trainers’ reasonable costs and expenses, when applicable</del></p> <p>\$300 per day and you must reimburse us for our reasonable out of pocket costs</p>	<p><del>Before training session begins</del></p> <p>Before training session begins</p>	<p><del>For all training, including initial training, you are responsible for all travel expenses, living expenses, wages, and other expenses incurred by your trainees. See Item 11 under “Training” for further information about our training program.</del></p> <p>We can charge a training fee: (a) if we require remedial training as a result of your failure to comply with our Brand Standards; (b) for re-training persons who are repeating a training program, or their substitutes; and (c) for training programs that we make optional for franchisees. If we conduct on-site training, you must also pay the travel, meals and lodging expenses for our trainer(s).</p>
Annual Conference	Currently, one complimentary registration and a cost set by <del>Franchisor</del> <u>us</u> thereafter	As invoiced	Applies only if we schedule an annual conference for franchisees. We reserve the right to change our attendance fee.
Non-attendance Fee	<p><u>\$500 for the first missed annual conference (may also be referred to as an “annual convention”) and then \$2,000 for missing the any annual meeting conference missed consecutively thereafter; \$1,500 for missing a regional conference. (may also be referred to as a “regional convention”)</u></p>	As invoiced	<p>If the individuals required to attend our annual conference fail to attend, you must pay our non-attendance fee. <del>If the individuals required to attend our annual conference fail to attend for 2 consecutive years, we may opt to increase</del></p>

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
			<del>your Royalty Fee by 1% of Gross Revenue.</del>
Service Deficiency Fee	Our costs	As invoiced	Payable if we receive a customer complaint about services you performed and we determine that <u>(i) there is merit to the complaint, (ii) the complaint is the result of a contract dispute between you and the customer, and/or (iii) there has been a violation of local, stat, or federal law and we must elect to either re-perform the services to the customer's satisfaction or reimburse the customer.</u>
Renewal Fee	\$5,000	When you sign successor Franchise Agreement	When your agreement term ends, you will have the option to continue the franchise relationship with us, subject to certain conditions.
Transfer Fee	Generally, \$3,000 or 3% of sales price, whichever is greater. However, if the proposed transferee was referred by a third-party (e.g., a broker) with whom we have a referral arrangement, then you must pay us an additional fee equal to the amount owed under that referral arrangement. If we identify the prospective purchaser, then in addition to the transfer fee set forth above, you must pay us the greater of: (a) \$15,000, <u>(b) three percent (3%) of the total purchase price,</u> or <u>(bc) our actual costs to identify the prospective purchaser.</u>	With request for approval of transfer	Payable if you or an Owner proposes to sell the business assets of the Franchised Business or an ownership interest in the legal entity.
Transfer Training Fee	Currently \$8,000 for up to 2 individuals.	Before transfer is completed	Payable only if the transferee has not previously completed our initial Training

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
			Program to our satisfaction.
Change of Ownership Fee	Currently, (a) the greater of \$500 or our external legal and administrative costs; plus (b) the Transfer Training Fee, if applicable (see above).	With request for approval of change of ownership	Payable if you or an Owner proposes to modify ownership of the legal entity in a way that would not result in a change of control of the legal entity. Part (a) is also payable if you do not complete the assignment of the Franchised Business to a business entity until after the Franchised Business opens. We may modify our change of ownership fee.
Procurement of Insurance	Cost of insurance plus reasonable fee of up to 25% of total insurance premium cost.	Upon demand	Payable only if you fail to obtain required insurance and we elect to obtain it on your behalf.
Vendor Review	Our reasonable costs, plus the reasonable travel, meal and lodging expenses of our vendor review personnel.	Within 30 days after invoice	Payable only if you ask us to evaluate a potential vendor; payable whether or not we approve the vendor. Please see Item 8.
Management Fee	Up to \$500 per day, plus our costs and overhead.	Within 30 days after invoice	Payable only if: (a) the Key Person (see Item 15) dies or is incapacitated and we elect to manage the Franchised Business pending transfer of his or her interest; or (b) the Key Person is arrested for or formally charged with a serious criminal offense and we take over operation of the Franchised Business pending final disposition of the charges.
Step In Fee	Up to \$500 per day, plus our costs and	As invoiced	If you are in default

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
	overhead		under your Franchise Agreement, we have the right to step in and operate the Franchised Business until we determine the default has been cured. We may charge you a fee for these services.
Interest	12% per annum or the maximum rate permitted by applicable law, whichever is less	With payment of overdue amount	Applies only if you do not pay us on time. We calculate interest from the date the payment was due until paid in full.
Late Fee	\$100 for second occurrence of payment more than 30 days past due; \$200 for third occurrence; \$300 for each subsequent occurrence	With payment of overdue amount	We can charge a late fee to compensate us for our administrative costs incurred in enforcing your <del>obligation</del> obligations to pay us and submit required reports to us.
Insufficient Funds Fee	\$50 or the amount the bank charges us due to the insufficient funds, whichever is greater.	Upon demand	Payable if an electronic funds transfer payment request is returned due to insufficient funds.
Indemnity for Tax Withholding	Amount of any penalties, interest, and expenses we incur	As invoiced	Payable only if you are obligated by law to withhold taxes on any payments to us, and you fail to do so.
Audit Costs	Our costs and expenses of conducting audit, including travel and lodging, and penalties if we find that you've under reported sales by more than 2% or if you failed to submit required reports.	Upon demand	Our costs and expenses of conducting audit, including travel and lodging, and penalties if we find that you've under reported sales by more than 2% or if you failed to submit required reports.
<del>Non-compliance Fee</del>	<del>1% of Gross Revenue</del>	<del>Same as Royalty</del>	<del>We are entitled to increase your Royalty Fee by 1% of Gross Revenue due to your non-compliance with the Franchise</del>

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
			<del>Agreement or the Brand Standards.</del>
Enforcement Costs	Will vary under circumstances	As invoiced	You must reimburse us for expenses we reasonably incur (including reasonable attorneys' fees) to enforce your obligations.
Defense Costs	Our actual costs and expenses	As invoiced	Payable if you initiate a legal proceeding against us and you do not prevail in obtaining the relief you were seeking.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we incur any damages, losses or expenses, including reasonable attorneys' fees and other costs, as a result of claims arising from the operation of your Franchised Business.
Liquidated Damages	The greater of: (i) two years of Royalty Fees (calculated as your average Royalty Fees per payment period in the year preceding the termination of your Franchise Agreement, multiplied by the number of payment periods occurring in a two-year period); or (ii) \$50,000.	Upon demand	Payable only if we terminate the Franchise Agreement based on your default.
De-identification Fee	Our costs	Upon demand	If you fail to de-identify your Franchised Business following the termination or expiration of the Franchise Agreement, we may do so on your behalf. You are required to reimburse us for any costs we incur.
Brand Standards Manual Replacement Fee	\$5,000	As incurred	Payable if your copy of the Brand Standards Manual is lost, stolen, destroyed, or

Type of Fee <sup>(1)</sup>	Amount	Date Due	Remarks
			significantly damaged, or you fail to return it to us immediately upon the expiration or termination of the Franchise Agreement.

**Explanatory Notes:**

- (1) Unless otherwise noted, all fees are non-refundable, and payable to us. We intend for the fees described in this Item to be uniformly imposed on all franchisees receiving this offering. However, from time to time, we may make an exception to our standard fee structure and/or payment terms. We have no obligation to deviate from our standard fee structure and/or payment terms to fees and/or terms that are more favorable to you. For all amounts payable to us and our affiliates, you must use the payment method(s) that we designate from time to time. We currently require payment by Automated Clearing House (ACH) or electronic funds transfer and you must designate an account at a commercial bank of your choice at the time of signing your Franchise Agreement and furnish the bank with authorizations at the time of signing your Franchise Agreement to permit us to make withdrawals from that account. Unless otherwise specified or agreed upon, all fees listed in this table are applicable to each Territory granted to you and the amount of each fee will be due and payable in the manner and at the times described in the table for each Territory independently, and not in the aggregate.

We reserve the right to require you to process some or all payments by your customers through us or through designated service providers and using processes we designate, including automatic payment, credit and debit card payment, electronic funds transfer and other forms of direct or internet payment. We may require that Royalty Fees, Brand Fund Contributions, product and service purchases and other payments you owe to us be taken out of the automatic payments made by your customers and paid to us, with the balance remitted to you. The companies we designate to process payment arrangements may include companies that are affiliated with us or in which we or our owners otherwise have ownership or control. If we elect, the designated companies may charge you for the service and will allocate and distribute payments received to you, while delivering to us all related royalty, advertising and other fees pursuant to the processes we designate.

- (2) **“Gross Revenue”** means all revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business. ~~Gross Revenue also includes any proceeds of business interruption insurance.~~ Your Gross Revenue will not be reduced on account of any fees or commissions you pay to third parties who refer customers.

Gross Revenue does not include any sales taxes or other taxes you collect from customers and pay

directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from Gross Revenue as circumstances, business practices, and technology change.

- (3) ~~We reserve the right to increase your Royalty Fee by 1% of Gross Revenue if: (a) the required The Minimum Royalty Fee is not meant to be a representation or guarantee of the results that your Franchised Business or any particular Franchised Business will or might achieve. The Minimum Royalty Fee does not predict or project your revenue or other business results. The Minimum Royalty Fee is simply a fixed dollar value, the purpose of which is to guarantee a minimum economic return to us. individuals fail to attend our annual convention for two consecutive years; (b) you do not comply with our requirement to provide “live” answering of telephone calls to the Franchised Business; or (c) you otherwise fail to comply with your obligations under the Franchise Agreement.~~
- (4) We or our ~~affiliate~~affiliates may from time to time enter into agreements to provide services to customers as part of a national, ~~region~~regional or Key Account program (sometimes also referred to as “**National Accounts**”). If you are required to participate in a Key Account program or choose to participate in an optional program, you must pay the fees designated by us or the vendor as part of the program, which may be based on the number of franchisees participating or other factors and may include fees to support our administration of the program. The fees may be charged directly to you or may be paid to us in the form of a rebate from the vendor. We cannot estimate what the cost to you will be of participation in Key Account programs, as it will be dependent on the terms of future contracts with vendors.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**  
**FOR A START-UP FRANCHISE** <sup>(1)</sup>

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Franchise Fee <sup>(2)</sup>	\$49,500	\$49,500	Lump sum	Upon signing of Franchise Agreement	Us
Territory Fee <sup>(2)</sup>	\$22,500	\$22,500	Lump sum	Upon signing of Franchise Agreement	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Start-Up Package <sup>(3)</sup> <del>Pre-Opening &amp; Grand Opening Marketing</del> <sup>(4)</sup>	<del>\$41,900</del> <del>\$6,000</del> <u>42,500</u>	<del>\$41,900</del> <del>\$6,000</del> <u>42,500</u>	<del>Lump sum</del> Lump sum	<del>Upon signing of Franchise Agreement</del> Upon signing of Franchise Agreement	<del>Us</del> Us
Inventory and Supplies <sup>(54)</sup>	\$15,000	\$20,000	As incurred	As incurred	Third Parties
Travel Expenses for Initial Training <sup>(65)</sup>	<del>\$1,000</del> <u>1,500</u>	<del>\$1,500</del> <u>4,000</u>	As incurred	As incurred	Third Parties
Vehicle Lease <sup>(76)</sup>	\$0	\$7,500	Lump sum	As incurred	Third Parties
Signage for Vehicles <sup>(87)</sup>	\$3,500	\$7,000	As Arranged	As incurred	Vendors
Vehicle Registration Fees <sup>(98)</sup>	\$1,500	\$2,000	Lump sum	As incurred	State or local government
Insurance <sup>(409)</sup>	\$2,000	\$12,000	As arranged	As incurred	Vendors
<u>Software</u> <sup>(10)</sup>	<u>\$249</u>	<u>\$2,292</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Vendors</u>
Telephone Lines and Wireless Internet <sup>(11)</sup>	\$300	\$800	As incurred	As incurred	Third Parties
Lease, Utility and Security Deposits, and Storage <sup>(12)</sup>	\$0	\$2,500	As incurred	Lump sum	Lessor, Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Made
	Low Estimate	High Estimate			
Additional Funds - 3 Months <sup>(13)</sup>	\$22,500	\$50,000	As Arranged	As incurred	Employees, vendors and utilities
<b>TOTALS</b>	<b>\$165,700</b> <u>161,049</u>	<b>\$226,700</b> <u>222,592</u>			

**Explanatory Notes to Table 1:**

- (1) ~~1-~~ This table estimates the costs you will incur to develop and open your Franchised Business. Actual costs can vary considerably depending on the number of vehicles, the number of employees, the physical size and location of your Territory, local signage codes, local advertising costs, the going rate for real estate rentals, utilities, market conditions, and other factors. Our estimates assume that you will be purchasing one Territory with a population of 150,000 Households. If you purchase a Territory with a population greater than 150,000 Households or if you purchase more than one Territory, you will incur greater pre-opening expenses due to the additional Franchise Fees and Territory Fees you will have to pay and additional expenses involved in servicing a larger population (which may include expenses for additional employees, equipment, and vehicles). None of the expenses in the Table are refundable, except possibly certain deposits and pre-paid expenses paid to third parties. You should review these figures with a business advisor before making any decision to invest in the Franchised Business.
- (2) ~~2-~~ Calculation of the Franchise Fee and the Territory Fee is discussed in detail in Item 5. The estimate for the Territory Fee assumes a ~~territory~~ Territory with 150,000 Households and that no discounts apply to the Franchise Fee or Territory Fee.
- (3) ~~3-~~ The Start-Up Package is described in Item 5.
- ~~4. — You will pay us a fee for pre-opening and grand opening marketing; see Item 5.~~
- (4) ~~5-~~ This item estimates the cost of the start-up initial inventory for your Franchised Business. It includes items such as aluminum screen frames for windows and doors, fiberglass screening material, corners, sliding screen door kits, and an assortment of fasteners. The low range amount is a minimum level of initial inventory. The high range amount is a more complete amount of inventory. Additional inventory may be needed to begin operating your SCREENMOBILE Franchised Business, depending on your location and the time of the year. We will determine a satisfactory start-up inventory amount on a case-by-case basis, and the preferred vendors to purchase from. You will pay the vendor directly for the start-up inventory.
- (5) ~~6-~~ Your Owners and the management personnel we designate must complete our initial Training Program in Thousand Palms, California. The estimate is for the travel expenses, lodging, and meals of 2 individuals for up to 10 days. Your travel expenses and living costs will vary depending on your point of origin, method of travel, class of accommodation, and choice of restaurants, local transportation, etc. Please see Item 11 for further details on training.
- (6) ~~7-~~ You must own, lease or buy at least two vehicles less than seven years old that are operable and

meet the requirements described in the Brand Standards Manual. The low estimate in the table assumes that you lease one vehicle and the high estimate assumes you lease two vehicles. The estimate covers the up-front lease costs and the first month's lease payment. If you choose to purchase, trucks cost from \$30,000 to \$60,000 each and vans cost from \$20,000 to \$45,000 each. The vehicles must be able to accommodate the basic inventory list, including shelving. Only specific vehicle designs will be allowed and we must approve your vehicle design. We have approved vendors who can lease approved vehicles and signs at competitive prices. Franchisees with a larger Territory or multiple Territories may require additional vehicles.

- (7) ~~8~~-You must paint or wrap your vehicles and add signage. We estimate this cost to be approximately \$3,500 per vehicle. You must purchase artwork for vehicle signage bearing the Marks from an approved vendor before opening your business. Once you approve your artwork proofs, the cost is no longer refundable.
- (8) ~~9~~-You will need to register your two vehicles with the state and local motor vehicle authorities. These registration fees will vary from state to state.
- (9) ~~10~~-Before you open your Franchised Business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance cost will vary based on where your Franchised Business will be located, your prior experience with the insurance carrier, the loss experience of the carrier, and other factors. You should check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums. See Item 8 for more information regarding our insurance requirements.
- (10) You are required to utilize our designated CRM software and purchase it directly with our designated vendor, currently Jobber. The low end of the range assumes that you will pay one month of the fees prior to opening and the high end of the range assumes that you pay for a one year license in a lump sum.
- (11) ~~11~~-This item estimates the costs of obtaining up to two telephone lines for use in operating your Franchised Business and obtaining wireless internet from a mobile provider. You are required to own or purchase a smartphone for your Franchised Business if one is not included in your telephone package.
- (12) ~~12~~-Most of our franchisees operate their Franchised Businesses out of their vehicle(s) and their homes. You may also operate from office buildings, business parks, and other commercial real estate locations. If you decide to operate your Franchised Business out of an office, you will be solely liable for its compliance with all applicable business ordinances and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses, and bonds as may be required for the operation of the office. While we have no restrictions or requirements for square footage and/or building type, we have found that franchisees who decide to rent office and/or storage space typically rent a self-storage unit and/or move into a small industrial park office sized between 800-1500 square feet. Your actual rent payments will vary depending on your location and your market's retail lease rates. You will be required to store the vehicle(s). If you have adequate storage space at your residence for the vehicle(s), you may store them there. If you do not have adequate storage space at your residence or office, you will be required to rent space.
- (13) ~~13~~-This is an estimate of additional funds you may need during the initial period of operation of the Franchised Business, which we define as three months from opening. Our estimates are based on both our experience and our predecessor's experience in the Screen Services and other home services industries and as a franchisor. You will need to have sufficient additional capital to cover

ongoing expenses, such as payroll costs if your start-up plan includes hiring support staff, or reasonable compensation for you based on your preferred lifestyle. The estimate given is the amount of additional funds we estimate you will need to cover these expenses during the initial three months. This estimate depends upon many factors including the timing in which you staff your operation and hire additional employees, anticipated salaries of those employees and funds required to service any debt you may have incurred. These estimates will vary based on your individual circumstances.

**TABLE 2**  
**YOUR ESTIMATED INITIAL INVESTMENT**  
**FOR A CONVERSION FRANCHISE <sup>(1)</sup>**

<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
	<u>Low Estimate</u>	<u>High Estimate</u>			
<u>Franchise Fee <sup>(2)</sup></u>	<u>\$0</u>	<u>\$0</u>	<u>Lump sum</u>	<u>Upon signing of Franchise Agreement</u>	<u>Us</u>
<u>Territory Fee <sup>(2)</sup></u>	<u>\$0</u>	<u>\$0</u>	<u>Lump sum</u>	<u>Upon signing of Franchise Agreement</u>	<u>Us</u>
<u>Start-Up Package <sup>(3)</sup></u>	<u>\$21,250</u>	<u>\$42,500</u>	<u>Lump sum</u>	<u>Upon signing of Franchise Agreement</u>	<u>Us</u>
<u>Inventory and Supplies <sup>(4)</sup></u>	<u>\$0</u>	<u>\$20,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Third Parties</u>
<u>Travel Expenses for Initial Training <sup>(5)</sup></u>	<u>\$1,500</u>	<u>\$4,000</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Third Parties</u>
<u>Vehicle Lease <sup>(6)</sup></u>	<u>\$0</u>	<u>\$7,500</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>Third Parties</u>
<u>Signage for Vehicles<sup>(7)</sup></u>	<u>\$0</u>	<u>\$3,500</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Vendors</u>
<u>Vehicle Registration Fees <sup>(8)</sup></u>	<u>\$0</u>	<u>\$2,000</u>	<u>Lump sum</u>	<u>As incurred</u>	<u>State or local government</u>
<u>Insurance <sup>(9)</sup></u>	<u>\$0</u>	<u>\$12,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Vendors</u>

<u>Type of Expenditure</u>	<u>Amount</u>		<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment is to be Made</u>
	<u>Low Estimate</u>	<u>High Estimate</u>			
<u>Software</u> <sup>(10)</sup>	<u>\$0</u>	<u>\$2,292</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Vendors</u>
<u>Telephone Lines and Wireless Internet</u> <sup>(11)</sup>	<u>\$0</u>	<u>\$800</u>	<u>As incurred</u>	<u>As incurred</u>	<u>Third Parties</u>
<u>Lease, Utility and Security Deposits, and Storage</u> <sup>(12)</sup>	<u>\$0</u>	<u>\$2,500</u>	<u>As incurred</u>	<u>Lump sum</u>	<u>Lessor, Third Parties</u>
<u>Additional Funds - 3 Months</u> <sup>(13)</sup>	<u>\$22,500</u>	<u>\$50,000</u>	<u>As arranged</u>	<u>As incurred</u>	<u>Employees, vendors and utilities</u>
<b><u>TOTALS</u></b>	<b><u>\$45,250</u></b>	<b><u>\$147,092</u></b>			

**Notes to Table 2:**

- (1) This table estimates the costs you will incur to convert an existing Screen Services business into a Franchised Business (a “**Conversion Franchise**”). You may have already incurred a number of our estimated initial investment costs in relation to the development of your existing Screen Services business, and therefore the low end of the range in the table could be \$0 for those costs. Our estimates are based on our and our predecessor’s years of experience in the Screen Services industry and as a franchisor. Unless specified otherwise, all amounts paid to us are non-refundable. We make no representation as to whether any of the estimated investment amounts payable to third-parties are refundable.
- (2) Calculation of the Franchise Fee is discussed in detail in Item 5. Under the terms of the Conversion Incentive Program, the Franchise Fee and Territory Fee are deferred for a period of five years and you may be eligible for forgiveness of the Franchise Fee and Territory Fee up to 100% (see Item 10). In the event you are required to pay the entirety of the Franchise Fee and Territory Fee, the low end of the range in the table will be \$49,500 for the Franchise Fee and \$22,500 for the Territory Fee, assuming that you license a single Territory with a population of 150,000 Households, and the high end of the range will be \$144,000 assuming you license two Territories and no discount applies.
- (3) As a Conversion Franchise, you may have the equipment necessary to operate your Franchised Business. The low end of the range assumes you will have most of this equipment and the high end of the range assumes that you will need to purchase all of the equipment covered in the Start-Up package as described in Item 5.

- (4) This item estimates the cost of the start-up initial inventory for your Franchised Business. It includes items such as aluminum screen frames for windows and doors, fiberglass screening material, corners, sliding screen door kits, and an assortment of fasteners. The low range amount is a minimum level of initial inventory. The high range amount is a more complete amount of inventory. Additional inventory may be needed to begin operating your SCREENMOBILE Franchised Business, depending on your location and the time of the year. We will determine a satisfactory start-up inventory amount on a case-by-case basis, and the preferred vendors to purchase from. You will pay the vendor directly for the start-up inventory.
- (5) Your Owners and the management personnel we designate must complete our initial Training Program in Thousand Palms, California. The estimate is for the travel expenses, lodging, and meals of 2 individuals for up to 10 days. Your travel expenses and living costs will vary depending on your point of origin, method of travel, class of accommodation, and choice of restaurants, local transportation, etc. Please see Item 11 for further details on training.
- (6) You must own, lease or buy at least two vehicles less than seven years old that are operable and meet the requirements described in the Brand Standards Manual. The low estimate in the table assumes that you have the required vehicles and the high estimate assumes you lease two vehicles. The estimate covers the up-front lease costs and the first month's lease payment. If you choose to purchase, trucks cost from \$30,000 to \$60,000 each and vans cost from \$20,000 to \$45,000 each. The vehicles must be able to accommodate the basic inventory list, including shelving. Only specific vehicle designs will be allowed and we must approve your vehicle design. We have approved vendors who can lease approved vehicles and signs at competitive prices. Franchisees with a larger Territory or multiple Territories may require additional vehicles.
- (7) You must paint or wrap your vehicles and add signage. As a Conversion Franchise, we will cover the costs of up to 4 vehicle wraps, up \$3,500 per vehicle, and pay the vendor directly. You must purchase artwork for vehicle signage bearing the Marks from an approved vendor before opening your business. Once you approve your artwork proofs, the cost is no longer refundable.
- (8) You will need to register your two vehicles with the state and local motor vehicle authorities. These registration fees will vary from state to state. As a Conversion Franchise, you may already have your vehicles registered.
- (9) Before you open your Franchised Business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance cost will vary based on where your Franchised Business will be located, your prior experience with the insurance carrier, the loss experience of the carrier, and other factors. You should check with your insurance agent or broker regarding any additional insurance that you may wish to carry above our stated minimums. See Item 8 for more information regarding our insurance requirements. As a Conversion Franchise, you may already carry insurance that meets our requirements.
- (10) You are required to utilize our designated CRM software and purchase it directly with our designated vendor, currently Jobber. The low end of the range assumes that you already use the software and the high end of the range assumes that you pay for a one year license in a lump sum.
- (11) This item estimates the costs of obtaining up to two telephone lines for use in operating your Franchised Business and obtaining wireless internet from a mobile provider. You are required to own or purchase a smartphone for your Franchised Business if one is not included in your telephone package. As a Conversion Franchise, you may already have the telephone lines, smart phone, and internet that meets our requirements.
- (12) Most of our franchisees operate their Franchised Businesses out of their vehicle(s) and their homes. You may also operate from office buildings, business parks, and other commercial real

estate locations. If you decide to operate your Franchised Business out of an office, you will be solely liable for its compliance with all applicable business ordinances and building codes, and for obtaining all necessary health, building, sign, and other permits, licenses, and bonds as may be required for the operation of the office. While we have no restrictions or requirements for square footage and/or building type, we have found that franchisees who decide to rent office and/or storage space typically rent a self-storage unit and/or move into a small industrial park office sized between 800-1500 square feet. Your actual rent payments will vary depending on your location and your market's retail lease rates. You will be required to store the vehicle(s). If you have adequate storage space at your residence for the vehicle(s), you may store them there. If you do not have adequate storage space at your residence or office, you will be required to rent space.

- (13) This is an estimate of additional funds you may need during the initial period of operation of the Franchised Business, which we define as three months from opening. Our estimates are based on both our experience and our predecessor's experience in the Screen Services and other home services industries and as a franchisor. You will need to have sufficient additional capital to cover ongoing expenses, such as payroll costs if your start-up plan includes hiring support staff, or reasonable compensation for you based on your preferred lifestyle. The estimate given is the amount of additional funds we estimate you will need to cover these expenses during the initial three months. This estimate depends upon many factors including the timing in which you staff your operation and hire additional employees, anticipated salaries of those employees and funds required to service any debt you may have incurred. These estimates will vary based on your individual circumstances.

As used in this Item 7, “**As arranged**” means as agreed between you and the supplier or vendor, and “**As incurred**” means as you incur the applicable expense.

You should review these estimates carefully with an accountant or other business advisor before making any decisions to buylicense a Franchised Business. The figures shown in this Item 7 are only estimates. Factors unique to your location, including the time of year you launch your Franchised Business, can affect your actual costs.

Except as described in Item 10 for the Franchise Fee, Territory Fee and any applicable Additional Household Fee, we do not provide financing to franchisees in connection with their initial investment. The availability and terms of financing from third parties will depend on several factors, including the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financial institutions.

## **ITEM 8** **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

We have the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from vendors that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for particular items, we will notify franchisees via the Operations Manual or otherwise.

We and our affiliates may earn a profit on products and services we sell to you directly, and we and

our affiliates receive rebates, administrative fees, commissions, licensing fees, or other benefits from unaffiliated vendors and distributors with respect to their sales of products or services to you or other SCREENMOBILE franchisees. ~~These statements apply~~ whether or not the product or service is presently mentioned in this Item. ~~We~~ Except as limited by applicable law, we and our affiliates have the right to retain any payments received from vendors.

We, or our affiliate, BuyMax, negotiate purchasing arrangements under which vendors agree to make goods or services available to Franchised Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchase program we establish.

The following specific restrictions on your purchasing are in effect as of the issuance date of this disclosure document, but we can impose other restrictions at any time:

### **Items you must purchase from us or affiliates:**

*Start-up Package.* You must purchase the Start-up Package from us, as described in Item 5 and Item 7. The Start-up Package contains equipment, supplies and services for the Franchised Business, including a trailer, trailer signage, equipment, tools, vehicle signage, stationary, branded items, marketing and advertising items, gift card for uniform purchases, tablet, phone, various office technology-related equipment, initial marketing collateral, product samples and bookkeeping services. However, the Start-Up Package does not include all of the tools and equipment you will need to operate your Franchised Business.

*Sales and marketing materials and services.* You must order sales and marketing materials and services from us or our affiliates.

*Branded Products.* All products that carry the Marks must be purchased only from us or suppliers approved or designated by us. This includes all stationery, forms, marketing pieces, signage, uniforms, patches, and other private labeled materials.

~~Customer Relationship Management (CRM) Software. You must use our designated customer relationship management (CRM) software in the operation of your Franchised Business. The CRM software provides estimating and bidding, scheduling, invoicing and collections, and reporting functions. You must purchase the CRM software from us or our designated supplier.~~

*BuyMax Purchases.* BuyMax sells miscellaneous non-branded products such as general ~~service~~ materials and supplies for business use, and maintenance and repair items. Although none are required purchases as of the date of this disclosure document, we reserve the right in our sole discretion to require you to purchase branded products, equipment, materials or other items related to the Franchised Business directly from BuyMax or through purchasing programs arranged by BuyMax or any other of our affiliates.

*Payment Processing.* We reserve the right to require you to process some or all payments by your customers through us, our affiliate(s), including ABP, or through designated service providers and using processes we designate, including automatic payment, credit and debit card payment, electronic funds transfer and other forms of direct or internet payment. ~~The companies we designate to process payment arrangements may include companies that are affiliated with us or in which we or our owners otherwise have ownership or control.~~

*Technology Support Services.* As noted in Item 6, you are required to pay us continuing Technology Fees which cover services we provide to franchisees. Currently these services include branded email accounts, ~~the development~~ email and operation ~~of portals~~ support, website management services, and

other ~~technology and communications channels~~ [systems, including the Franchisee Portal \(see Item 11\)](#).

Except for the above items, neither we nor any of our affiliates is an approved vendor of products or services to our franchisees as of the issuance date of this disclosure document. However, we reserve the right to designate ourselves and/or our affiliates as an approved vendor, or as the only approved vendor, for other products and services in the future. If we do not require you to use a designated source or approved vendor for a particular item, you may purchase the item from any source you choose, as long as your purchases conform to the Brand Standards.

### **Items you must purchase from designated or approved third parties:**

We have designated a specific source or vendor that you must use for certain items. As of the date of this disclosure document, they include:

*Bookkeeping.* Currently, you must use QuickBooks online and a designated bookkeeping vendor (currently Out of the Box Technology).

*Customer-Service Production Platform.* You must use our designated vendor for the customer-service production platform and application. [Currently, our designated vendor is Jobber.](#)

*Equipment, Inventory, and Supplies.* You must purchase or lease your equipment, inventory, and supplies used in the operation of your Franchised Business from the suppliers and manufacturers that we designate from time to time.

~~*Insurance.* We are exploring the possibility of designating a specific vendor for insurance, but we have not done so as of the date of this disclosure document.~~

### **Items that must meet our specifications:**

For some products and services, we have not designated a specific source or vendor that you must use, but you must follow our specifications and/or obtain our approval of the vendor. As of the date of this disclosure document, they include:

*Vehicles.* You must own, lease or buy at least one service vehicle that meets the requirements we specify in the Operations Manual. As discussed above, you will be required to have your vehicle wrapped by our designated vendor to meet our standards.

*Computer System.* You must lease, purchase or otherwise acquire, from sources of your choice and at your expense, software, hardware and devices (including but not limited to programs, laptop or tablet devices, mobile printers, fax/scanner, and internet connection) which strictly conform to our specifications and the specifications of the CRM software.

*Insurance.* You must maintain the types and minimum amounts of insurance coverage and bonds we specify for Franchised Businesses. The tables below set out our required and recommended insurance coverage as of the date of this disclosure document:

<b>REQUIRED INSURANCE COVERAGE</b>	
<b><u>Type</u></b>	<b><u>Minimum Coverage</u></b>
Comprehensive General Liability	\$1 million per incident / \$2 million aggregate
Automobile Liability for owned, leased, hired and non-owned vehicles	\$1 million combined single limit per state for Medical/Personal Injury Protection and \$1 million Uninsured/Underinsured Motorist
Workers' Compensation	As required by law in your area. If your state does not have specific requirements, then: \$1 million per employee \$1 million per accident \$1 million policy limit
Employer Liability	\$1 million per incident \$1 million per employee \$1 million policy limit
<b>RECOMMENDED BUT NOT CURRENTLY REQUIRED</b>	
<b><u>Type</u></b>	<b><u>Minimum Coverage</u></b>
Commercial Umbrella Policy	\$1 million excess over all underlying liability coverages per occurrence and \$1 million in the aggregate
Business Interruption	12 months loss of income, including coverage for our Royalty Fees with no co-insurance clause
Crime Insurance for Employee Dishonesty	\$5,000 combined single limit
Property and Casualty Insurance	Full replacement value of your equipment, furniture, fixtures, inventory, vehicles and inventory
Product Liability	\$1 million policy limit
Employer Liability	\$100,000 per incident

Employment Practices	\$25,000 policy limit
Cyber Liability / Data Compromise	\$25,000 policy limit

Your insurance policies must be written by a carrier with an industry rating acceptable to us, must name us, AB Inc., and their parents, subsidiaries, and affiliates, and their respective officers, directors, members, shareholders and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us. All public liability and property damage policies must contain a waiver by the insurance company of subrogation rights against us and our affiliates, successors and assigns.

We can increase the coverage requirements and/or require different or additional kinds of insurance as we deem necessary.

Prior to opening your Franchised Business, you must provide us with certificates of insurance demonstrating that you have ~~met the requirements~~obtained all insurance policies and certificates required. At least 30 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services.

*Electronic Money Programs and Loyalty Programs.* If we set up programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, or other electronic money programs, we will designate the vendors that you must use for these programs. As of the date of this disclosure document, we do not have any such programs,

### **Vendor Approval Process**

If we require you to use an approved vendor for a particular item, but you wish to purchase the item from a source that we have not approved, you may submit a written request for approval of the vendor, unless it is an item for which we have designated a specific vendor. To obtain approval, proposed vendors must demonstrate the ability to meet our standards and must possess adequate quality controls and capacity to supply your needs promptly and reliably. We will provide the relevant standards and specifications to vendors that wish to become approved vendors, provided that the proposed vendor signs a confidentiality agreement; however, we may refuse to disclose product formulations or specifications that we deem to be extremely sensitive. At our request, you must submit samples and other information we require to examine, test and determine whether the proposed vendor meets our specifications and quality standards. We may also require that the proposed vendor allow our representatives to inspect its facilities. We may charge vendors a license fee to use our trademarks or other proprietary property. We may also charge vendors a rebate or other fee for participation in our purchasing program

We have no obligation to approve any specific vendor or any minimum number of vendors for any item, and any proposed vendor relationship must not jeopardize the availability of any special pricing or other benefits offered by existing vendors based on system-wide purchases. We may require you to pay a fee to cover our costs of reviewing a proposed vendor, which you must pay whether or not we approve the vendor. We generally will give you written notice of approval or disapproval of the proposed vendor within 30 days after receiving your request and completion of evaluation and testing, if required. You may not sell or offer for sale any products or services of the proposed vendor until you receive our written approval.

We have the right to revoke approval of particular vendors if we determine that their products or

services no longer meet our standards. Upon receipt of written notice of revocation, you must stop buying from the disapproved vendor. In addition, if we revoke our approval of the products because they fail to meet our standards, you may be required not to use your remaining inventory of those products.

\* \* \*

Your purchases from us or our affiliates will be at the prices and on the terms in effect at the time of your purchase.

We, or our affiliate, BuyMax, negotiates contracts with providers of goods and services ~~in an effort to obtain favorable pricing~~ for our franchisees, our affiliates' company-owned outlets, several of our affiliates, franchisees, and for independent BuyMax members who participate in the program for a fee. BuyMax does not negotiate purchase agreements on behalf of individual members. Terms of purchase agreements may vary based on any number of factors and prices may change from time-to-time.

Other than as noted above, we do not currently negotiate purchasing arrangements with vendors on behalf of our franchisees, but we and our affiliates, including without limitation, our affiliate, BuyMax, reserve the right to do so, including pricing terms. Our ability to negotiate and maintain arrangements with vendors may depend on the participation of as many SCREENMOBILE franchisees as possible. Accordingly, if we name a specific vendor for a product or service, you must obtain the product or service from that designated vendor. You must comply with the terms and conditions included in the contract with a specific vendor.

As noted above in this Item, vendors may make payments to us or our affiliates based on franchisees' use of the vendors. As of the date of this disclosure document, BuyMax receives rebates, administrative fees, commissions or other compensation from some vendors ranging from ~~42%~~ to ~~315%~~. Vendor payments to us and our affiliates include participation fees per franchise, rebates based on actual purchases, marketing contributions for joint promotion of the vendor's products with our brand, and/or sponsorship fees for conferences and other events. We will use any restricted funds in the manner agreed with the vendor. Except as limited by applicable law or by agreement with the vendor, we have the right to retain all or a portion of any rebates, commissions, discounts or beneficial pricing that we obtain from vendors. We may use these monies to, among other things, recapture costs related to maintaining the vendor program, negotiating designated vendor arrangements, facilitating orders and making a profit. In some cases, you may also receive rebates from BuyMax vendors.

For the fiscal year ended December 31, ~~2022~~2023, ~~our predecessor~~we had revenue of ~~\$572,118~~130,933 from ~~purchases by~~providing products and services to SCREENMOBILE franchisees, which was ~~143%~~ of our ~~predecessor's~~ total revenue for the fiscal year.

For the fiscal year ended December 31, 2023, BuyMax had revenue of \$6,245 from purchases by SCREENMOBILE franchisees. These figures include revenue from direct sales as well as any rebates or discounts our affiliates received from approved vendors based on their sales to our franchisees.

As of the date of this disclosure document, none of our officers own an interest in any unaffiliated vendors that sell products or services to our franchisees.

We estimate that the proportion of your required purchases and leases from approved suppliers to all purchases and leases in establishing the Franchised Business is 50% to 75% for Start-Up Franchises and approximately 25% to 50% for Conversion Franchises. We estimate that the current proportion of your required purchases and leases from approved suppliers to all purchases and leases in operating the

Franchised Business is approximately 80% to 100%, but this amount is subject to change.

There are no purchasing cooperatives or distribution cooperatives in our franchise system as of the date of this disclosure document. We do not provide material benefits to franchisees based on their purchase of particular products or services or use of particular vendors.

**ITEM 9**  
**FRANCHISEE’S OBLIGATIONS**

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Sections 1.2 and <del>6.25</del> <a href="#">6.24</a>	Items 7, 8, and 11
b. Pre-opening purchases/ leases	<del>Section</del> <a href="#">Sections 1.11, 4, 5.4, and 10.3, Data Sheet (Appendix A), and Brand Appendix (Appendix B)</a>	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Section 4	Items 5, 7, 8, and 11
d. Initial and ongoing training	Section 5	Items 6, 7 and 11
e. Opening	Sections 4.4, 4.5, <a href="#">and</a> 4.6	Item 11
f. Fees	Sections <del>2.7</del> , 4.1, 4.5, 4.6, 5.4, 5.8, 6.6, 7, <del>8.5</del> <a href="#">8.6</a> , 8.10, 9.2, 10.3, 10.4, 10.5, 15.2, 15.3, 15.4 15.9, 16.1, 16.7, 16.8, 19.1, Data Sheet (Appendix A), <a href="#">and</a> Brand Appendix (Appendix B)	Items 5, 6 and 7
g. Compliance with standards and policies/Operations Manual	Sections 6.1, <a href="#">and</a> 12	Items 11 and 14

Obligation	Section in Agreement	Disclosure Document Item
h. Trademarks and proprietary information	Sections 11, 12, <a href="#">13, 18</a> and <del>13</del> <a href="#">Brand Appendix (Appendix B)</a>	Items 13 and 14
i. Restrictions on products/ services offered	Sections 6.3 and 6.13	Items 8 and 16
j. Warranty and customer service requirements	Sections 6.1, <a href="#">6.6</a> , 6.9, <a href="#">6.16</a> , 6.17, <del>6.18</del> <a href="#">6.19</a> , 6.20, <del>6.21</del> , and 7.5.	Items 7 and 8
k. Territorial development and sales quotas	Section <del>6.19</del> <a href="#">6.18</a> and <a href="#">Brand Appendix (Appendix B)</a>	Item 12
l. Ongoing product/service purchases	Sections 6.1, 6.9, <del>6.10</del> , <a href="#">6.11</a> , <a href="#">6.14</a> , and <del>6.10</del> <a href="#">8.8</a>	Items 6, 7 and 8
m. Maintenance, appearance and remodeling requirements	Sections <del>6.16</del> <a href="#">6.15</a> , <a href="#">6.23</a> , and <del>Section 6.24</del> <a href="#">19.1.10</a>	Items 11 and 17
n. Insurance	Section 9	Items 7 and 8
o. Advertising	Sections 4.3, 7.3, <a href="#">10, Data Sheet (Appendix A)</a> and <del>10</del> <a href="#">Brand Appendix (Appendix B)</a>	Items 6 and 11
p. Indemnification	Section 20	Item 6
q. Owner's participation/ management/staffing	Sections 1.15, 5.8, 6.2, 6.14, <del>6.23</del> <a href="#">6.22</a> , and 18	Item 15
r. Records and reports	Sections <del>6.21</del> <a href="#">6.20</a> , 8, <a href="#">and 22.1</a>	Item 6
s. Inspections and audits	Sections 6.15, <del>6.20</del> <a href="#">6.19</a> , <del>11.3-16.6</del> <a href="#">11.3 and 16.6</a>	Item 6
t. Transfer	Section 15	Item 17

Obligation	Section in Agreement	Disclosure Document Item
u. Renewal	Section 19	Item 17
v. Post-termination obligations	Section 17	Item 17
w. Non-competition covenants	Section 14	Item 17
x. Dispute resolution	Section 23	Item 17
y. Other – Personal Guarantee	Attached to <del>FA</del> <a href="#">Franchise Agreement</a>	Item 15

**ITEM 10  
FINANCING**

**Start-Up Franchises**

In our discretion, we may permit you to finance up to 75% of the Franchise Fee and Territory Fee rather than paying the entire amount in a lump sum when you sign the Franchise Agreement. However, we do not offer financing for any transaction involving ~~brokers~~, [referrals under the Standard Referral Program or Conversion Referral Program](#), or any other third -party referral sources.

If financed, the balance of the Franchise Fee and Territory Fee can be paid in up to 36 monthly installments of principal and interest at an interest rate of 12% per annum beginning on the first of the month following the first full month after you sign your Franchise Agreement. You can prepay the balance at any time without penalty.

**Conversion Franchises**

[If you sign a Franchise Agreement under the Conversion Incentive Program, we permit you to finance 100% of the Franchise Fee and Territory Fee. The Promissory Note is payable in 48 monthly installments of principal and interest, but payment does not start until 5 years after the Agreement, and you may be eligible for forgiveness of up to 100% of the Promissory Note balance, depending on the performance of your Franchised Business in the fifth year of operation after conversion to the SCREENMOBILE brand, as compared to performance of your business in the year before conversion. We will determine pre-conversion Gross Revenue from the financial statements or tax return of the converting Screen Services business for the pre-conversion year. If Gross Revenue of your Franchised Business in the fifth year of operation exceeds the pre-conversion Gross Revenue by set thresholds, we will waive part or all of the Promissory Note balance, as shown below:](#)

<b><u>Gross Revenue Increase Percentage</u></b>	<b><u>Percentage of Note Amount Forgiven</u></b>
<a href="#">50% to 74% Gross Revenue Increase;</a>	<a href="#">50% of Note Amount Forgiven</a>

<u>75% to 99% Gross Revenue Increase:</u>	<u>75% of Note Amount Forgiven</u>
<u>100% Gross Revenue Increase:</u>	<u>100% of Note Amount Forgiven</u>

In the event your pre-conversion Gross Revenue is below \$100,000 for the pre-conversion year, you must attain 100% Gross Revenue Increase in the fifth year of operation of your Franchised Business to qualify for 100% of the Note Amount to be forgiven. You will not qualify for any forgiveness if your Gross Revenue in the fifth year of operation of your Franchised Business is below \$200,000.

Any portion not forgiven will be paid in 48 monthly installments of principal and interest at an interest rate of 12% per annum. You can prepay the balance at any time without penalty.

A franchisee that finances the Franchise Fee and Territory Fee must sign the applicable form of Promissory Note and Guaranty in Exhibit B to this disclosure document. If the franchisee is a corporation or other business entity, its owners must also sign as guarantors. We do not offer financing for any transaction involving brokers, referrals under the Standard Referral Program or Conversion Referral Program, or any other third-party referral sources.

To secure payment of the Promissory Note, we require a security interest in the assets of the Franchised Business. You must sign the Security Agreement in Exhibit B, and we may file a UCC financing statement with the appropriate governmental authority to perfect our security interest. You agree to waive demand for payment, presentment for payment, protest, notice of nonpayment or dishonor, and any and all other notices and demands whatsoever.

Under the Franchise Agreement, you must make all payments to us by the payment method(s) we designate from time to time, and this requirement applies to the Promissory Note. We currently require payment by ACH or electronic funds transfer and you are required to designate an account at a commercial bank of your choice at the time of signing your Franchise Agreement from which we are able to make withdrawals. You agree to complete and submit to us an authorization for ACH or other electronic funds transfer in the form we or your financial institution may require at the time of signing the Promissory Note. You agree to maintain sufficient funds in the account to cover the amounts payable to us. If funds in the account are insufficient to cover the amounts payable at the time we make our periodic electronic funds transfer, the amount of the shortfall will be deemed overdue. Additionally, if the electronic funds transfer payment request is returned due to insufficient funds, you are required to pay us a fee equal to the greater of: (a) \$50 or (b) the amount the bank charges us due to the insufficient funds.

If you are in default of the Promissory Note or the Franchise Agreement, we can declare the outstanding principal balance of the Promissory Note and all unpaid accrued interest immediately due and payable. If you default, you must pay our reasonable attorney's fees and other legal costs we incur in enforcing payment and collection of the balance due. In addition, under the cross-default provision of the Franchise Agreement, we have the right to treat a default under the Promissory Note and Guaranty or under the Security Agreement as a default under the Franchise Agreement, and we can terminate the Franchise Agreement if you do not cure the default.

We may sell, assign or discount the Promissory Note to a third party. If we sell or assign the Promissory Note, it will not affect our obligation to provide the services to you that are described in the Franchise Agreement, but the third party may be immune under the law to any defenses to payment you may have against us.

Except as described above, we do not offer direct or indirect financing to franchisees. We will not guarantee your Promissory Note, lease, or other obligation.

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

We will provide the services described in this Item 11 through our affiliate, AB Inc., and its employees.

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

**Pre-Opening Obligations.** Before you open the Franchised Business:

- A. We will provide the Training Program described in this Item to you and your senior management level employees. You must pay for your travel and related expenses. (Franchise Agreement, Section 5.1)
- B. We will assist you with ordering the required technology, signs, fixtures, furnishings, inventory, and suppliers from designated vendors. (Franchise Agreement, Section 4.1)
- C. We will provide you with a copy of, or electronic access to, the Operations Manual. (Franchise Agreement, Section 12)
- D. We will set you up with access to one or more websites and/or mobile applications that are open only to franchisees (the “**Franchisee Portal**”), if applicable. We may use the Franchisee Portal for communications, training, or other purposes and may require you to use it for reporting or other purposes. (Franchise Agreement, Section 6.8)
- E. We will help set you up an account with the designated Call Center, if applicable. (Franchise Agreement, Section 6.6)
- F. We will provide you with information on how to acquire the software packages we designate. (Franchise Agreement, Section 6.7)
- G. We will work with you on creating a pre-opening and grand opening marketing plan for the Franchised Business. (Franchise Agreement, Section 10.3)
- H. We will provide opening support and assistance as we deem appropriate, at the time(s) and in the manner we determine. If you request opening support beyond what we customarily furnish to Franchised Businesses, and if we agree to furnish the additional support, then we will have the right to impose a fee, plus expenses, for providing the agreed additional support. (Franchise Agreement, Section 4.6)

**Continuing Obligations.** During the operation of the Franchised Business, we will:

- A. Make available additional required and optional ~~Training Program~~[training programs](#) as we deem appropriate. (Franchise Agreement, Section 5.2)
- B. Develop and maintain the Brand Standards. (Franchise Agreement, Section 6.1)
- C. Manage the operation of the Franchisee Portal, if applicable. (Franchise Agreement, Section 6.8)

- D. Notify you, via the Operations Manual or otherwise, when we establish specifications, require approval of vendors, or designate specific vendors for particular items. (Franchise Agreement, Section 6.10)
- E. Manage our Brand Standards assessment program. (Franchise Agreement, Section ~~6.21~~6.20)
- F. Manage the Brand Fund, as described below in this Item, and make available to you any creative materials financed by the Brand Fund. You agree to pay or to reimburse us for any costs to reproduce the materials and/or to customize the materials for your use. (Franchise Agreement, Section 10.2)
- G. Review your proposed advertising and promotional plans and materials. (Franchise Agreement, Section 10.6)
- H. Manage social media accounts, profiles, pages, and registrations that promote the Marks or the Franchised Business, if we require them to be registered in our name. (Franchise Agreement, Section 10.10)
- I. If we offer a customer warranty and/or satisfaction guarantee to your customers, monitor and manage compliance with the warranty/satisfaction guarantee program. (Franchise Agreement, Section ~~6.18~~6.17)
- J. Manage contracts and relationships with Key Accounts, as defined in Item 12 below. (Franchise Agreement, Section 2.5)

### Typical Time to Opening

We if you are either a Start-Up Franchise or a Conversion Franchise, we estimate that you will open your Franchised Business approximately 45 to 90 days after you sign ~~the~~your Franchise Agreement. Some factors which may affect this timing are arranging for the training session, equipping the Franchise, obtaining initial inventory, financing and business permit and contractor's licensing requirements, and your personal operational needs. If you do not open the Franchised Business to the public by the opening deadline specified in your Franchise Agreement, we will have the right to terminate the Franchise Agreement. (Franchise Agreement, Sections 4.5 and 16.1.3)

If you request an extension of the opening deadline, we have complete discretion whether to give an extension. If we agree to an extension, we have the right to charge you an extension fee of up to \$1,000 per month of extension. However, you will not be charged an extension fee if your request is accompanied by supporting documentation demonstrating to our satisfaction that, despite your best efforts, you are unable to obtain the necessary equipment to open and operate the Franchised Business by the Opening Deadline.

You may not open your Franchised Business until: (1) initial training is completed to our satisfaction; (2) all amounts due to us have been paid; (3) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (4) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (5) you have received all required permits and licenses or have made arrangements acceptable to us to operate under another existing license; and (6) you have ordered, received and installed your equipment, supplies, inventory and Computer System. You must be prepared to begin operating your Franchised Business immediately after we state that your

Franchised Business is ready for opening.

### Training Program

Before the Franchised Business opens, the Key Person (see Item 15) and any Owners that we designate must attend and successfully complete an initial training program (the “**Training Program**”). The Training Program generally consists of a 10-day in-person training and familiarization program, as well as online access to initial orientation and training materials. The in-person component of the initial Training Program is usually conducted at our office located in Thousand Palms, California as of the date of this disclosure document, but the training course may be held elsewhere in the future in our discretion. The training courses are conducted as necessary based on need. The Training Program is provided at no cost to a new franchisee, but you will have to pay for travel, accommodations, meals and salaries for yourself and any senior management level employees who attend. If you are the transferee of an existing Franchised Business and you have not previously completed our initial Training Program to our satisfaction, you must pay a transfer training fee of \$8,000 for up to 2 persons (see Item 6). You must complete training at least two weeks before opening your Franchised Business, but franchisees generally complete training two to six weeks before opening the Franchised Business.

The following table summarizes our initial Training Program:

TRAINING PROGRAM<sup>(1)</sup>

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Business Education	16	0	Thousand Palms, CA
Product Knowledge	5	0	Thousand Palms, CA
Production of Window Screens	2	6	Thousand Palms, CA
Production of Door Screens	2	15	Thousand Palms, CA
Production of Patio Screens	2	8	Thousand Palms, CA
Office Administration	8	0	Thousand Palms, CA
Trailer Set-Up/Maintenance	2	1	Thousand Palms, CA
Training Review	3	10	Thousand Palms, CA
<b>Totals</b>	<b>40</b>	<b>40</b>	

The Training Program and other on-going training will be conducted by training personnel under the direction of our Training and Support Manager and our Director of Operations. Our instructors have an average of over ~~17~~18 years of experience and with our brand. Our current trainers are below:

Name	Industry Years of Experience	Years with Our Brand
Roger Gomez	<del>25</del> <u>26</u>	<del>25</del> <u>26</u>
Dillon Walker	<del>10</del> <u>11</u>	<del>10</del> <u>11</u>

#### Notes:

~~1-~~(1) The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. The instructional materials include various training aids, including detailed PowerPoint presentations, specialized training videos,

detailed vendor reference materials (such as product catalogs, pricing guidelines, etc.), actual vendor representative sessions, and our Operations Manual.

~~2-~~(2) Other instructors may include experienced SCREENMOBILE managers and/or assistant managers who have more than one year of management experience.

## Ongoing Training

*SCREENMOBILE Fast Start Program.* The Fast Start Program is a continuing training and support tool to help new franchisees meet their goals more quickly. We provide the Fast Start Program at no charge for you and, if applicable, your SCREENMOBILE designated manager. Participation in the Fast Start Program is required. The Fast Start Program lasts for up to 13 weeks following the opening of your Franchised Business and involves weekly calls of approximately 30 to 60 minutes each, or other timing as we may designate from time to time. The Fast Start Program also includes an interactive workbook in which you work with up to two support coaches. The support coaches will be selected by us and are designated based on their experience with the respective subject matter. The support coaches may be our training staff, managers, and assistant managers.

## Additional Training and Conferences

From time to time, we may require that you, designated managers, and other employees attend system-wide refresher or additional training courses. As your business grows, you will need to add additional employees such as office technicians, field technicians and salesmen. Some of these courses may be optional, while others may be required. If you appoint a new designated manager, that person must attend and successfully complete our SCREENMOBILE Initial Training Program before assuming responsibility for the management of your SCREENMOBILE Franchised Business. If we conduct an inspection of your SCREENMOBILE Franchised Business and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend remedial training that addresses your operational deficiencies.

In addition, you and/or, if applicable, your SCREENMOBILE designated manager, may be required to attend annual conferences and regional meetings. We may charge reasonable registration or similar fees for these courses, conferences, and meetings. You must also pay all travel and living expenses that you and your employees incur in connection with attending these courses, conferences, and meetings.

## Advertising Programs~~±~~

~~*Pre-opening/Grand Opening Marketing.* As described in Item 5, prior to the opening of your Franchised Business, we require you to pay us a non-refundable fee of \$6,000 for local advertising and promotional activities to promote your Franchised Business. Although not required as of the date of this disclosure document, we anticipate that sometime in 2024, we will begin collecting the Grand Opening Marketing Fee. This amount is in addition to the Annual Local Marketing Fee described in the next paragraph. We will use the fee to conduct initial local marketing for the Franchised Business up to a week in advance of opening of the Franchised Business and up to 60 days after opening the Franchised Business, or within another time frame that we designate. We will utilize the marketing and public relations programs as well as media and advertising materials that we have developed or approved.~~

*Local Marketing.* As described in Item 6, you are required to spend ~~\$36,000 per calendar year~~ 4% of your preceding month's Gross Revenue for Local Marketing, ~~prorated for the first partial year of operation.~~ ~~As of the date of this disclosure document, franchisees, You will~~ generally pay the funds to vendors, media outlets, etc. directly for Local Marketing. However, we may require you to pay the funds directly to us, in which case we will provide local advertising and marketing materials and related services to promote the

Franchised Business in your Territory. ~~The materials and services will include the creation, production and placement of marketing and may include commercial advertising, internet advertising, email, direct mail and other media advertising, and local promotion~~ With respect to all Local Marketing funds you pay to a third party, you are required to provide us with monthly Local Marketing expense statements (including receipts supporting the reported expenditures) evidencing compliance with the Local Marketing spend requirements.

~~You must order sales and marketing materials and services from us.~~ If you desire to use your own advertising materials or services, you must obtain our prior approval. It is a material breach of the Franchise Agreement to use other marketing materials or services without our prior written approval (see “Approval Requirement” below). You may not advertise outside of your Territory without our approval, which may be withheld in our sole discretion (see Item 12).

*Brand Fund.* We have a marketing fund for the SCREENMOBILE system (the “**Brand Fund**”). As described in Item 6, you must pay us a Brand Fund Contribution, currently 2% of Gross Revenue. We can increase the Brand Fund contribution above 2% of Gross Revenue; however, the contribution will not exceed three percent 3% of Gross Revenue. You must make the Brand Fund contribution at the same time that you pay your Royalty Fee. If we establish any Company-Owned Outlets, they will contribute to the Brand Fund on the same basis as franchisees. Unless required by law, we will not be required to deposit the Brand Fund Contribution in a separate bank account, commercial account or savings account. Your contribution to the Brand Fund will be in addition to all other advertising fees set out in this Item 11.

The purpose of the Brand Fund is to support general development and recognition of the SCREENMOBILE brand. We will have the right to direct all advertising, marketing, public relations, and other activities to promote, develop and enhance the brand, with final discretion over strategic direction, creative concepts, materials, endorsements, and geographic, market and media allocation. We or our affiliate administer the Brand Fund. We may use the Brand Fund to pay costs and expenses as we determine in our sole discretion, including but not limited to: production of video, audio, written, online and mobile marketing materials; purchasing promotional items; sponsorship of sporting, charitable, or similar events; design, establishment, and maintenance of websites, social media, mobile applications and other electronic marketing; implementation of advertising programs, in-store promotions, direct mail, and media advertising; marketing and sales training; employing advertising agencies; conducting public relations, consumer research, product development, product testing, and test marketing programs; developing and implementing trade dress and design prototypes; fulfillment charges; salaries and expenses of our and our affiliates’ employees working for or on behalf of the Brand Fund; fees of accounting firms, design firms, public relations firms, consultants and ad agencies; legal fees for advertising pre-clearance, defense of false advertising claims, and defense of any claims made regarding our administration of the Brand Fund; other administrative costs and overhead incurred in activities related to the administration and activities of the Brand Fund; and interest on any monies borrowed by the Brand Fund.

We will make available to you any creative materials ~~designed~~ financed by the Brand Fund. ~~You~~ If you request specific materials to be produced or customized for you, then once you approve the requested materials, you must pay us or reimburse us for any costs to reproduce the materials and/or to customize the materials for your use.

We may develop advertising and promotional materials and displays for the solicitation of franchisees for the Brand. You must display such materials and displays as we require from time to time. Our consumer website and other online activities supported by the Brand Fund may also include information about our franchise opportunity.

We have no obligation to make expenditures for you from the Brand Fund that are equivalent or

proportional to your contributions, or to ensure that any particular franchisee benefits directly or pro rata from expenditures by the Brand Fund. You have no right to reduce or withhold contributions based on any alleged lack of benefits to your Franchised Business or based on failure by any other franchisee (with or without our permission) to make its contributions to the Brand Fund.

We have no obligation to have the Brand Fund independently audited. We will, however, prepare an annual unaudited statement of contributions to and expenditures of the Brand Fund. You can obtain a copy by making a written request. Any expenditures for independent accounting services in connection with the annual statement will be charged to the Brand Fund.

For the fiscal year ended December 31, ~~2022~~2023, ~~of the monies spent by our predecessor from the~~23% of Brand Fund, ~~36%~~ expenditures were ~~spent on~~for National Advertising & Programs, ~~673%~~ of the expenditures were ~~spent on~~for Marketing Support, ~~311%~~ of the expenditures were ~~spent on~~Public Relations, ~~22%~~ were ~~spent on~~for Creative Production, and ~~53%~~ of the expenditures were ~~spent on~~for Other. None of the amounts in the Brand Fund are used for marketing that is principally a solicitation for the sale of franchises.

The Brand Fund is not a trust and does not give us a fiduciary obligation. Other than our express obligations in the Franchise Agreement, we assume no liability with respect to maintenance, direction, or administration of the Brand Fund. We have the right to incorporate, replace, change or dissolve the Brand Fund; ~~however, If we decide to dissolve the Brand Fund, contributions to~~ the Brand Fund will ~~not be terminated until all monies in stop, but~~ the Brand Fund ~~will continue in existence until remaining funds~~ have been ~~expended for its purposes or rebated to franchisees on a pro-rata basis~~spent.

Other than administering the Brand Fund as described above, we do not have an obligation to conduct advertising on your behalf.

*Referral Programs.* As of the date of this disclosure document, we offer two referral incentive programs:

#### A. Standard Referral

Our affiliate, AB Inc., is sponsoring a franchise ~~referral sweepstakes in conjunction with the~~ referral incentive program ~~that began on November 5, 2023~~. The referral incentive program pays \$15,000 to an existing franchisee of ours or any of our affiliated brands who first directly refers a candidate who: (a) has not previously been referred to us by another source or otherwise been in contact with and/or engaged with us, our affiliates or third party consultants or agents; (b) has not previously signed a Franchise Agreement with us or any of our affiliated brands; (c) who meets our qualifications for becoming a franchisee; (d) signs a Franchise Agreement in a new location on or before September 1, ~~2023~~2024 (the “~~2023~~2024 Referral Period”); and (e) pays the Franchise Fee and any applicable Additional ~~Population~~Territory Fee in full at the time of signing the Franchise Agreement. The incentive payment is only paid with respect to the first ~~franchise purchased~~Territory licensed from us by the candidate, regardless of the total number of franchises ~~purchased~~licensed in a single transaction. In addition, all existing franchisees who receive a referral incentive payment as described above may be eligible to win a sweepstakes prize equivalent to \$5,000 per referral we and any of our affiliated brands received during the ~~2023~~2024 Referral Period. We anticipate that the referral sweepstakes will be scheduled to end at 11:59 PM ET on October 31, 2023, but this may change at our sole discretion. ~~The referral incentive program will restart beginning on November 5, 2023.~~ An “Existing Franchisee” is the person or entity defined as “Franchisee” in the Franchise Agreement governing the referring Franchised Business. We reserve the right to apply incentive payments to any outstanding balances or past due amounts due to us by an Existing Franchisee. Additional terms and conditions may apply.

## B. Conversion Referral Program

We offer a referral incentive program that pays ongoing incentive payments for up to three years (“**Incentive Period**”) to an Existing Franchisee (as defined above) of ours or any of our affiliated brands, subject to certain conditions, who first directly refers a candidate who: (a) has not previously been referred to us by another source or otherwise been in contact with and/or engaged with us, our affiliates or third party consultants or agents; (b) has not previously signed a Franchise Agreement with us or any of our affiliated brands; (c) who meets our qualifications for becoming a franchisee under the Conversion Incentive Program; (d) signs a Franchise Agreement with our standard terms in a new location on or before March 31, ~~2024~~2025; and (e) pays the Franchise Fee, Territory Fee and any applicable Additional ~~Population~~Household Fee in full at the time of signing the Franchise Agreement (“**Conversion Referral**”). The incentive payment is only paid with respect to the Franchised Business(es) first signed with us in a single transaction, regardless if additional Territories are acquired by the Conversion Referral during the Incentive Period. The incentive payments are paid by check to the Existing Franchisee within ~~forty-five~~ (45) days of the end of the quarter of the current calendar year, according to the Conversion Referral’s Royalty Fee payments made to us (“**Royalties Paid**”). The incentive payments will be calculated and paid according to the following schedule: (a) During the first ~~twelve~~12 months following the Original Opening Date: 30% of Royalties Paid; (b) Months 13 through 36 following the Original Opening Date: 15% of Royalties Paid. We may require the Conversion Referral and the Existing Franchisee to sign a separate agreement acknowledging and agreeing to the terms of this program for eligibility purposes. We reserve the right to apply incentive payments to any outstanding balances or past due amounts due to us by an Existing Franchisee. Additional terms and conditions may apply.

We may change or eliminate the referral incentive programs at any time without notice. Franchisees participating in the referral programs are not our sales agents and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise.

*Joint Marketing Programs and Cooperatives.* We have the right to establish: (1) co-marketing programs in which Franchised Businesses and vendors (or other third parties) cross-promote each other’s goods and services; (2) joint marketing efforts in which multiple Franchised Businesses contribute to a specific ad or event; and/or (3) local or regional marketing co-operatives (“**Cooperatives**”) that pool funds of Franchised Businesses in a geographic area or with common characteristics on an ongoing basis to jointly promote the Marks and the Franchised Businesses. The amount we require you to spend or contribute to joint marketing programs and/or a Cooperative may be credited to your obligation for Local Marketing or, at our option, to your Brand Fund obligation, or any combination of the two. You are required to participate in each applicable joint marketing program and comply with the rules of the program. As of the date of this disclosure document, we do not require you to participate in or to contribute to an advertising cooperative. If a Cooperative applicable to the Franchised Business is established during the term of this Agreement, you are required to become a member no later than 30 days after the date we approve for the Cooperative to begin operation. We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative.

*Approval Requirement.* All proposed advertising and promotional materials that you intend to use must be submitted to us for approval at least 30 days before their intended use. You do not have to submit samples of materials that were prepared by us or that we have approved within the last twelve months. Proposed advertising materials are deemed to be disapproved unless we have approved them in writing within 15 days after your submission of the samples. All advertising and promotion must be in the media and of the type and format that we approve, must be conducted in a dignified manner, and must conform to our standards. You may not make any television or radio appearance or any statement to any public media

in connection with the Franchised Business or the SCREENMOBILE brand unless you obtain our prior written approval.

You may not solicit or advertise to customers outside of your Territory without our permission. “Solicit” includes, but is not limited to, solicitation in person, by telephone, by mail, through the internet, social media, email or other electronic means, and by distribution of brochures, business cards or other materials or any other advertising. If any solicitation of customers within the Territory is in media that will or may reach persons outside of the Territory, you are required to notify us in advance and obtain our consent. If you receive a request for services or products from outside the Territory, you are required to refer that request to the Franchised Business located in the applicable territory (or to us, if we have not assigned the applicable territory to a Franchised Business). Notwithstanding the foregoing, under certain limited circumstances, you may process a request from outside of the Territory if the requested service is permitted under our policies. If we permit you to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Franchised Business or by us or an affiliate, you must comply with all of the conditions and other requirements that we specify in the Operations Manual or otherwise with respect to such activities. All franchisees that operate in the same marketing area may be required to use a common toll-free telephone number in their advertising media. All advertising, including internet-based advertising, must be designed to route customers to the franchisee serving that customer’s location.

*Electronic Marketing and Electronic Communications.* The use of any digital or electronic medium constitutes advertising and promotion subject to our approval. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any website, URL, social media, blog, messaging system, email account, user name, text address, mobile application, or other digital, electronic, mobile or internet presence that uses or displays any of our trademarks (or any derivative thereof) or that promotes any products or services of the Franchised Business. You may not, directly or indirectly, post or transmit advertisements or solicitations by telephone, e-mail, text message, instant message, website, social media, mobile apps, VoIP, streaming media, or other electronic media that are inconsistent with our brand advertising guidelines and standards. The brand advertising standards may include the use of disclaimers, warnings, and other statements that we prescribe. [You are responsible for ensuring that your employees understand the policies relating to the use of social media and you are responsible for your employees’ use of social media in accordance with such policies.](#) We have the right to require that social media accounts, profiles, pages, and registrations that primarily promote the Marks or your Franchised Business be registered in our name. For any such accounts that we permit to be registered in your name, you agree to provide us with the current login credentials within five days after opening the account or changing the credentials. We have the rights to: (i) access any social media accounts to take corrective action if the account or any postings are in violation of our policies; and (ii) take ownership of the accounts on expiration or termination of the Franchise Agreement and operate them thereafter as we see fit. We may offer to provide, or may require that you have, a website for your Franchised Business (which may be structured as a separate page of a website supported by the Brand Fund).

*Pricing and Promotional Activities.* To the extent permitted by applicable law where your Franchised Business is located, we have the right to establish maximum and/or minimum prices that you must follow for goods and services sold by the Franchised Business. You must participate in and comply with the terms of special promotional activities that we prescribe for Franchised Businesses generally or in specific geographic areas or for specific types of venues. These activities may include special offers, limited time offers, and pricing promotions. You must bear your own costs of participating in these activities and must display promotional signs and materials and otherwise participate in the manner we request.

*Franchisee Advisory Council.* We have created the Franchise Advisory Council (“FAC”),

currently composed of nine members: eight franchisees and one franchisor representative. The FAC provides non-binding input on marketing and operational issues. The address for the FAC is our principal office at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland, 21046. The FAC does not maintain a separate telephone number, email address or website.

*Our Obligation to Make Advertising Expenditures.* Except as described above, we have no obligation to spend any amount on advertising in your Territory.

## **Technology Requirements**

We have the right to specify the point-of-sale (POS) system, customer relationship management (CRM) system, back-office system, software applications, audio/visual equipment, security systems, electronic payment devices, and other hardware, software, and network connectivity for the Franchised Business. You must sign any standard license agreement or user agreement that may be required to use a system that we specify. You must use the required systems for service calls, managing inventory, reporting Gross Revenue and other information, training personnel, and other functions as we specify from time to time. You must ensure that your employees are adequately trained to use the systems and that they follow applicable policies.

As of the date of this disclosure document, we require the following:

- You must have or purchase a personal computer, smart phone, and/or tablet which meet our specifications and are capable of running the latest version of Microsoft Windows or iOS operating system. Your computer must be equipped to support Microsoft Office Professional suite and latest versions of Microsoft's web browser or Safari browser software.
- You must have access to the internet, communication networks and telephone system with adequate speeds to connect to our systems and conduct daily business activities. We estimate this cost will be in the range of \$300 to \$1,500 per year depending on your providers and the number of services you choose to purchase.
- We require that you purchase third party software or license software as a [services/service](#) (SaaS) (currently, QuickBooks) from us or our approved vendor list to support business activities and information / data integration to our systems. You must pay to our designated vendor the then-current fee. [The current Technology Fee is described in Item 6.](#)
- You will be required to use in your Franchised Business a CRM platform that we designate. We may make materials and information related to the System Standards available to you through the CRM platform.
- You will also be required to purchase virus protection software and content management software. You will also have to install a firewall protection system.
- You are required to implement industry-standard administrative, physical, and technical security measures and devices to protect data from unauthorized access, acquisition, loss, destruction, disclosure or transfer, including firewalls and anti-virus systems. You are solely responsible for protecting the Franchised Business from computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet

content failures, and attacks by hackers and other unauthorized intruders. If you refuse to purchase any required security products, we may purchase them for you and you must reimburse us. You are also required to use best efforts to verify that your suppliers, lenders, landlords, customers, and governmental agencies are reasonably protected. You will be solely responsible for data and data breaches and the associated risks and liability, even if we recommend a vendor. In the event of a known or suspected security breach, you agree to notify us promptly and comply with applicable laws and any instructions from us regarding response to the breach.

- You are required to maintain your technology systems in good working order at all times. The vendors of the required systems generally provide maintenance and upgrades as part of your ongoing support fees (see Item 6). Neither we nor our affiliates have any obligation to provide ongoing maintenance, repairs, upgrades or updates. You will bear all costs of maintenance, repairs, upgrades, or updates. We estimate the total annual cost of optional or required maintenance, updates, upgrades, and support will be approximately \$290 to \$1,000 per year.

We anticipate the cost to purchase or lease a computer system and software meeting the above requirements will range from approximately \$500 to \$1,500 if you do not already have the necessary system and software. We estimate that these optional updates or upgrades will be approximately \$0 to \$250 per year.

Our system requirements and specifications may evolve over time. You must promptly update and upgrade your systems as we require, at your own expense. There is no contractual limitation on the frequency and cost of this obligation. We have the right to change to a different vendor for all of these systems and, in some cases, required items may only be available through us and/or designated vendors.

*Data Access.* We have the right to independently access ~~your business data, wherever maintained~~[\(i\) the systems that we require you to use in the operation of your Franchised Business from time to time, and/or \(ii\) any other systems that you use to store or process Confidential Information or to display the Marks and/or Proprietary Products to others.](#) We also have the right to require you to deliver business data to us. We can use (and may authorize others to access and use) franchisees' business data to, among other uses: (i) verify sales; (ii) monitor progress of Franchised Businesses, including compliance with Minimum Performance Requirement; (iii) prepare a financial performance representation for our Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with our affiliates. There is no contractual limitation on our right to receive or use this information.

We own and have the right to access all Customer Data (defined in Item 14), in whatever form existing, and wherever stored. Because we own the Customer Data, we can [\(subject to applicable law\)](#) share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating you, both during and after the term of the Franchise Agreement, including marketing and cross-selling products and services. Whenever we request, and without request upon termination or expiration of your Franchise Agreement, you must promptly deliver all Customer Data in your possession or control, without retaining any of it in any media. You may not sell or disclose to anyone else any personal information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with us, you ~~may not~~[are required to transfer the Customer Data to us and we will transfer the Customer Data to the new owner, or we may require you, in our sole discretion, to](#) transfer the Customer Data [directly](#) to the new owner.

If permitted by applicable law, we may monitor your e-mail, or other electronic communications

and may disclose this information if we have a good faith reason to believe it is necessary for the purposes of ensuring your compliance with the Franchise Agreement or protecting our rights, property and interests (or those of our affiliates and franchisees and customers of our franchisees). As you use our SCREENMOBILE website, you may receive, access or use information, materials, graphics, software, data and content originated by us or other parties. We may terminate or suspend your access to, and listing or related information on, the SCREENMOBILE website at any time. Upon termination or suspension, your right to use the SCREENMOBILE website will immediately cease and any information you may have stored on the SCREENMOBILE website may no longer be accessible or available for retrieval. You are required to provide us with any information or material we deem necessary to comply with applicable law to promote your Franchised Business on the SCREENMOBILE website.

## Operations Manual

The Table of Contents of the Operations Manual is in Exhibit H to this disclosure document. The Operations Manual has 588 pages.

### **ITEM 12 TERRITORY**

Your franchise is granted for the Approved Location, which may be a home office or a commercial office space. If you wish to rent commercial space, it must be located within your Territory and you must request approval from us, which we may grant or refuse in our sole discretion and submit a copy of the proposed lease prior to signing it. You acknowledge that other franchisees may manage their Franchised Businesses from home offices located within your Territory; however, they will not have the right to provide services within your Territory. You may not relocate your business premises without our prior written approval. If you ask to relocate, we will evaluate your request using the same standards that we apply to reviewing the proposed location of new Franchised Businesses. Unless otherwise agreed in writing, relocation does not change your Territory.

You will have a protected territory (“**Territory**”) during the term of your Franchise Agreement, provided you are in full compliance with the terms of the Franchise Agreement, including certain Minimum Performance Requirements (described below) and your obligation not to service customers outside of your Territory. “Protected” means that we will not operate a business under the Marks and the System in the Territory or authorize others to operate Franchised Businesses within the Territory, except as described below. This does not prohibit us from advertising or soliciting [in your Territory for the purpose of recruiting prospective](#) employees or independent contractors ~~in your Territory~~.

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

A typical Territory will consist of a population of approximately 150,000 Households and will be defined using postal zip codes present at the time the Territory is established. Nonetheless, the Household population of the territory you receive may vary depending on a number of factors that we determine, including the geographic size of the Territory, the ratio of single-family residences to multi-unit dwellings (apartment/condo/townhouse buildings), and median/average household income. You will be able to choose your Territory based on available pre-defined Territories. We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing to determine populations. Once we have determined your Territory, it will be defined in Appendix A to your Franchise Agreement. We make no representation or guaranty about the accuracy of the data provided by the third-party providers and therefore the actual Household population may be different than the actual

counts at the time of signing the Franchise Agreement.

In our sole discretion, we may allow you to add zip codes to your existing Territory during the term of your Franchise Agreement, if we do so, you will be required to pay our then-current Additional Household Fee for the Households included within the added zip code boundaries, currently \$0.15 per Household.

We and our affiliates retain all rights not expressly granted to you in the Franchise Agreement. Among other things, regardless of the proximity to or the effect on your Franchised Business, we and our affiliates can:

- establish, operate, franchise, and license others to operate businesses under the Marks at any location outside of the Territory;
- operate a business under the Marks inside the Territory if: (i) we (or our affiliate) is operating a business under the Marks in the Territory as of the date you sign the Franchise Agreement; or (ii) we have notified you before you ~~signed~~sign the Franchise Agreement that we (or our affiliate) intends to operate a business under the Marks in the Territory;
- use the Marks in other lines of business, anywhere in the world;
- ~~establish and~~ operate, and to grant ~~to~~ others the right to ~~establish and~~ operate, similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory, under trademarks or service marks other than the Marks;
- develop, manufacture, have manufactured, advertise, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, goods or services that are identical or similar to and/or competitive with those provided at your Franchised Business, whether under the Marks or any other name or mark, through dissimilar channels of distribution, including but not limited to through the internet, mobile applications, telemarketing, retail stores, and wholesale clubs, or other distribution outlets (other than Franchised Businesses) both inside and outside the Territory;
- establish and operate, and to grant others the right to operate, businesses offering dissimilar products and services both inside and outside the Territory under the Marks; and
- ~~To~~ acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the System, and even if they have locations in the Territory. We will also have the right, in our sole discretion, to convert one or more outlets of the acquired, acquiring or merged brand to a Franchised Business within the Territory.

We have no obligation to compensate you in connection with any of these activities.

*Activities Outside of the Territory.* You may not perform services or sell products related to the Franchised Business outside of the Territory without our prior written consent, which we may give and withdraw as we deem appropriate, and which we may condition on you obtaining a separate phone number or other requirements. You may not solicit or advertise to customers outside of the Territory without our permission. “Solicit” includes, but is not limited to, solicitation in person, by telephone, by mail, through

the internet, social media, email or other electronic means, and by distribution of brochures, business cards or other materials or any other advertising. If any solicitation of customers within the Territory is in media that will or may reach persons outside of the Territory, you are required to notify us in advance and obtain our consent. If you receive a request for services or products from outside the Territory, you are required to refer that request to the Franchised Business located in the applicable territory (or to us or our affiliate, if we have not assigned the applicable territory to a Franchised Business). However, under certain limited circumstances, you may process a request from outside of the Territory if the requested service is permitted under our policies or otherwise approved by us. If we permit you to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Franchised Business or by us (or our affiliate), you will be required to comply with all of the conditions and other requirements that we may from time to time specify in the Brand Standards Manuals or otherwise in writing with respect to such activities. We may at any time condition your continued out-of-Territory sales and services on your agreement to purchase the franchise rights for the Territory in which the sales and services are being performed. At any time upon our demand or upon notice from us that the Territory in question has been assigned to another Franchised Business, you must immediately cease all activities in that Territory and comply with our procedures for the transition of customer accounts for that Territory. Under no circumstances will we be liable to you for violations by other Franchised Businesses of our policies on out-of-Territory sales and services.

Territory infringement occurs when a franchisee generates Gross Revenue from a customer by receiving payment for products and/or services provided and/or rendered within the territory of another Franchised Business without first obtaining that franchisee’s written permission. If you infringe on another franchisee’s territory, we may charge you our then-current Territory Infringement Fee as set forth in the table below, which you must pay within five (5) days of receipt of notice by us.

First violation	\$1,000 plus the invoice amount for the services performed
Second violation and subsequent violations	\$5,000 plus the invoice amount for the services performed

The total violations count is cumulative regardless of where and when the violations occur.

Some franchisees may be awarded distributorships by certain name-brand manufacturers of doors and roll-down screens in zip codes within their Territory. In such situations, a distributor may choose to offer you a lead for business; however, the distributor may offer the lead to a non- SCREENMOBILE business. Any distributorship arrangement must first be approved by us.

*Key Accounts.* We may from time to time enter into agreements to provide services to customers as part of a national, regional or key account program (“**Key Accounts**”) at locations which include locations within the Territory. To participate in the Key Account program, you must meet the following qualifications: (i) be in compliance with all agreements you have with us; (ii) submit all required documents to us, including but not limited to proof of insurance, a W-9 form, EIN notice, and any other documentation we may request and/or require from time to time; and (iii) satisfy any additional training requirements we designate as a condition of participation in the program. We may charge you a fee to participate in Key Accounts (see Item 6), and you must sign our then-current Key Account agreement (not applicable as of the date of this disclosure document). You must accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, and central invoicing) with respect of locations within the Territory. Certain Key Account agreements may require you to pay rebates to the customer, which we will negotiate with the customer on a case-by-case basis. If you refuse to perform the required services or we determine that your Franchised Business is not qualified, interested, able or available to perform the services, you are required to allow either our employee(s) or another franchisee to

enter the Territory to perform the required services. Servicing of Key Accounts by us and/or our designee is an exception to your territorial exclusivity described above in this Item. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

*Other Channels of Distribution.* You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include the period of time you have been operating the Franchised Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. You may not sell products to any vendor who would in turn sell to consumers.

*Minimum Performance Requirements and Modifications to Your Territory.* During the term of your Franchise Agreement, you will be required to meet the following minimum performance requirements (the “**Minimum Performance Requirements**”):

<b>Time Period Following Original Opening Date</b>	<b>Minimum Gross Revenue for 12-Month Period</b>
Months 1 to 12	\$75,000
Months 13 to 24	\$180,000
Months 25 to 36	\$300,000
Months 37 to Expiration Date	\$375,000

“**Original Opening Date**” means the date on which you or any prior owner or predecessor operator of the Franchised Business first opened the Franchised Business.

The Minimum Performance Requirements are not meant to be a representation or guarantee of the results that your Franchised Business or any particular Franchised Business will or might achieve. The Minimum Performance Requirements do not predict or project your revenue or other business results.

If you do not achieve the applicable Minimum Performance Requirements, we will have the right to:

- ~~• reduce the size of the Territory;~~
- ~~• establish or license a third party(ies) to establish a Franchised Business within the Territory;~~ • require you to implement a revenue improvement program, as we specify, which may include, among other things, engaging in specified marketing activities, ~~or~~
- ~~• terminate your Franchise Agreement~~by the conclusion of which you are required to achieve the Minimum Performance Requirements. If we require you to implement still do not achieve the Minimum Performance Requirements after implementing a revenue improvement program, ~~your failure to comply with the terms of the revenue improvement program or failure to achieve~~we will have the right to: (i) reduce the size of the Territory (with a corresponding adjustment in the Minimum Performance Requirements will allow us to if the reduced Territory falls below our then-current territory size); or (ii) terminate the your Franchise Agreement. The Minimum Performance Requirements are not a representation or guarantee of any financial results.

Although many of our franchisees have acquired franchise rights for contiguous territories, we do not have an obligation to reserve contiguous territories for you. You do not receive an option, right of first



refusal or similar rights to acquire additional franchises within your Territory or contiguous territories.

As noted in Item 1, we have several affiliates that offer franchises for other types of services under different trademarks. As of the date of this disclosure document, they do not sell goods or services similar to those of the SCREENMOBILE franchise, but some of their goods and services may be viewed as complementary to our brand’s goods and services. You do not receive any rights with respect to the franchises offered by our affiliates. Neither we nor any of our affiliates have established any formal procedures to resolve conflicts that may develop among the affiliates concerning territory, customers, or franchisor support.

**ITEM 13**  
**TRADEMARKS**

The principal trademark we license you to use [is/are](#) the SCREENMOBILE mark and logo shown on the cover page of this disclosure document. The term “**principal trademarks**” means the primary trademarks, service marks, names, logos, and commercial symbols that you will use to identify the Franchised Business, and does not include every trademark associated with the SCREENMOBILE brand. The term “**Marks**” is a broader term encompassing all of the marks we designate for the operation of SCREENMOBILE businesses.

The following principal marks are registered on the Principal Register of the United States Patent and Trademark Office (“**USPTO**”):

Registered Mark	Registration Number	Registration Date
THE SCREENMOBILE	1333648	April 30, 1985
	2986523	August 16, 2005
SCREEN SMART	3118234	July 18, 2006
	3124420	August 1, 2006
You Call We Screen	3463890	July 8, 2008
any need any place any screen	4532124	May 20, 2014

Registered Mark	Registration Number	Registration Date
Love your screens again	5280556	September 5, 2017
SCREENMOBILE AMERICA'S NEIGHBORHOOD SCREEN STORES	6067481	June 2, 2020

All required affidavits and renewals have been or will be filed for the Marks listed above.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administration of any state, or of any court, nor is there any pending infringement, opposition or cancellation proceedings or material litigation involving the principal marks. There are no agreements currently in effect that significantly limit our right to use, or to license the use of, the principal marks in a manner material to the franchise.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the principal marks in your state.

You must follow our rules and operating procedures when you use the Marks. You ~~cannot~~may not use ~~a Mark~~any of the Marks as part of your corporate or legal name, business organization or trade name, ~~or~~ as part of an internet domain name or URL, or in connection with any prefix, suffix or other modifying words, terms, designs or symbols. ~~You cannot use any Mark with the performance or sale of any unauthorized services or or in any modified form as otherwise prohibited in the Brand Appendix. You must get our prior written approval of your company name before you file any registration documents. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You may use the Marks to promote and to offer for sale only the products or services that we have approved, and not use any Marks in association with the products, material or services or others or in any other manner without our prior written authorization that we have not expressly approved.~~

You must notify us ~~immediately when you learn about an infringement of, or challenge to, your~~promptly of any unauthorized use of the Marks that you suspect or of which you have knowledge. You also agree to inform us promptly of any challenge to the validity of, our ownership of, or our right to license others to use any of any the Marks. We will take have the action we think is appropriate. You must cooperate fully in prosecuting, defending, or settling exclusive right (but no obligation) to initiate, direct and control any litigation involving or administrative proceeding relating to the Marks, including being named as a party in the action at our request. We will undertake the defense of the litigation and any settlement. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are party to an administrative or judicial proceeding involving the Marks. However, if we request you to join in any action we will bear all of your out-of-pocket the costs of the litigation, except for the costs of any legal counsel separately retained by you for such participation.

You agree to sign documents and render any other assistance our counsel may deem necessary to protect our interest in the Marks.

If we replace, add to, modify, or discontinue any of the Marks, you must make corresponding changes as we direct. If this happens, you are responsible for the costs of compliance (for example, changing letterhead and business cards).

You are required to operate, advertise, and promote the Franchised Business only under the Marks. In conjunction with any use of the Marks, you are required to conspicuously identify yourself in all dealings with customers, employees, contractors, landlords, vendors, suppliers, reporters, public officials, and others as an independent franchisee operating under authority of this Agreement. You are required to display a prominent notice, in a form that we may prescribe, in the premises of the Franchised Business and on all business cards, stationery, advertising, signs, vehicle wraps, invoices, and other public-facing materials, identifying us as the owner of the Marks and stating that you are a licensed user of the Marks. All legal documents, contracts, invoices, payroll forms, purchase orders, filings, permits, licenses, and other materials between you and customers, employees, contractors, landlords, vendors, suppliers, government agencies, and other third parties must identify you by your own company or legal name and, if the document requires a signature, be signed by you in your own company or legal name.

You must not directly or indirectly contest our ~~right~~rights to the Marks, copyrights, domain names, patents, trade secrets or business techniques that are part of our business or instruct or assist any third party to do so, directly or indirectly.

All use of the Marks in electronic commerce, which includes all forms of electronic or computer communication, including your page on the SCREENMOBILE website, must comply with our requirements described in the Operations Manual. We have the right to designate one or more pages on our website to describe your Franchised Business. We may, in our sole and absolute discretion, provide links among our website and our franchisees' websites. We require that various types of marketing or advertising utilize a specific template or format. You must provide us with copies of all proposed applications for registration of any of the Marks or any variations for use in electronic commerce, including your internet or website address and domain name. You must obtain our prior written approval to file any such application, which approval we may withhold in our sole and absolute discretion. You may not, directly or indirectly, register, reserve, or use any domain names, metatags, key words, or social networking names, handles, usernames, or designations that incorporate any of our Marks or any portions or variations of the same, or terms used in any of the same, without our prior written approval to use, register or reserve the same, which shall be owned by us whether or not you have sought or been granted such permission. The authorization and non-exclusive license granted to you to use the Marks imparts to you no ownership of the Marks and no rights whatsoever other than those expressly granted pursuant to the terms of the Franchise Agreement.

**ITEM 14**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

*Patents.* ~~There are no~~ We do not own any patents or patent applications that are material to the franchise.

*Copyrights.* We claim copyright protection for certain materials (the “**Works**”), which may include, but are not limited to, the Operations Manual, our websites, software, mobile apps, advertisements, artwork, promotional materials, signs, and vehicle graphics. We have not registered the copyrights in any of the Works, but we may do so at any time. You can use the Works only for the purpose of establishing and operating your Franchised Business. If you prepare any adaptation, translation or other work derived from the Works, whether or not authorized by us, the material will be our property and you must assign all your right, title and interest therein to us. You must sign any documents we deem necessary to confirm our ownership.

*Proprietary Information.* We claim proprietary rights in all Confidential Information, as defined in the Franchise Agreement, ~~including the proprietary software~~, financial, local marketing, operating and scheduling software systems (which we reserve the right to change from time to time) identified in the Operations Manual, the standards, methods, procedures and specifications of the System and the contents of the Operations Manual. You must maintain the absolute confidentiality of the Confidential Information both during the term and after the termination or expiration of the Franchise Agreement and not disclose any of the Confidential Information for any reason except as permitted by the Franchise Agreement. You can disclose the Confidential Information to your owners, officers, directors, members, partners, manager and employees only to the extent necessary for the operation of the Franchised Business in accordance with the Franchise Agreement. You further agree not to use any of the Confidential Information, directly or indirectly, in any other business or in any other manner or obtain any benefit from it not specifically approved in writing by us both during the term of the Franchise Agreement or afterwards. You may not at any time copy, duplicate, record or otherwise reproduce any part of the Operations Manual.

All data that you collect from customers and potential customers in connection with the Franchised Business during the term of the Franchise Agreement (“**Customer Data**”) is our proprietary information and property and you must provide the Customer Data to us at any time that we request. We reserve the right to require that you provide us with remote access to your computer systems and all data related to the Franchised Business stored therein, in a manner that meets our System Standards and specifications. You have the right to use Customer Data while the Franchise Agreement or a renewal Franchise Agreement is in effect, but only in connection with operating the Franchised Business and only in accordance with the policies that we establish from time to time. You may not sell, transfer, or use Customer Data for any purpose other than operating and marketing the Franchised Business. ~~If you transfer~~ In the event of an approved sale of the Franchised Business, you cannot to a new owner who will continue to operate the Franchised Business under an agreement with us, you are required to transfer the Customer Data to us and we will transfer the buyer Customer Data to the new owner, or we may require you, in our sole discretion, to transfer the Customer Data directly to the new owner. At the expiration or termination of the Franchise Agreement for any reason, you will promptly turn over to us the Customer Data and make no further use of it for any purpose. Since your business relationship with customers is attributable solely to the Marks and the goodwill associated with the Marks, all such business relationships with all customers will revert to us and become our sole and exclusive property upon termination or expiration of the Franchise Agreement.

You may not introduce any “**Improvement**” (defined as any change, idea, innovation, concept (including any advertising slogan or idea), product, process, or improvement that may enhance or improve the System) into the Franchised Business without our prior written consent. Any Improvement developed by you or any owner, employee or agent is deemed to be our property. At our request, you must provide us

with information about the Improvement and sign any documents necessary to verify assignment of the Improvement to us, without compensation. We will have the right to use, disclose, and/or license the Improvement for use by others.

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

You must designate an individual who will be responsible for the day-to-day operational performance of the Franchised Business and who has the authority to bind Franchisee in all decisions regarding the Franchised Business (the “**Key Person**”). The Key Person need not be an Owner of the Franchised Business. ~~However, the Key Person,~~ must successfully complete our initial Training Program described in Item 11, and must work on premises at your business office.

We have the right to rely on any statement, agreement, or representation made by the Key Person on your behalf. The Key Person must certify your financial statements as correct and complete ~~when you submit them to us~~ to the best of the Key Person’s knowledge. If the Key Person leaves your organization, you must nominate a replacement within 30 days, and if you have not obtained our approval of a replacement within 90 days, you will be in material default of the Franchise Agreement.

You must form a corporation, limited liability company, or other business entity to own the Franchised Business. You must assign the Franchise Agreement to your business entity before opening the Franchised Business, and all of its Owners (whether or not they are involved in the operation of the Franchised Business) who own five percent or greater interest in the business entity must sign the Personal Guarantee attached to the Franchise Agreement, making each Owner individually liable for all obligations under the Franchise Agreement. If any of your Owners is also a business entity instead of an individual, we have the right to require that the Personal Guarantee be executed by individuals and any other business entities that have direct or indirect ownership in the Franchisee. Failure to establish the business entity and to complete assignment of the Franchised Business to the business entity before opening the Franchised Business is a material default of the Franchise Agreement. We may charge a \$500 change of ownership fee for any assignment of the Franchised Business from a(n) individual(s) to a legal entity after the Franchised Business opens.

The spouse of an Owner is not required to sign a Personal Guarantee if the spouse has no ownership interest in the business entity. However, the spouse will be required to sign a Spouse Acknowledgement in the form attached to the Personal Guarantee, by which the spouse acknowledges that we are relying on all assets of the guarantor, including jointly owned marital property, in accepting the guarantor’s obligations. The spouse also agrees to be bound by the non-competition and non-disclosure restrictions, dispute resolution provisions, and governing law provision contained in the Franchise Agreement.

At our request, the Owners, Key Person, officers, directors, limited liability company managers and/or members and executives that we designate are required to sign a separate Confidentiality and Non-Compete Agreement (the form of which is attached to the Franchise Agreement). In addition, you and the Owners authorize us to run credit and background checks and to make inquiries of your bank, suppliers, and trade creditors concerning the Franchised Business.

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

You are required to offer and sell all products and services that we designate as required items for

SCREENMOBILE businesses. You may also offer for sale any optional products and services that we have approved for sale in the Franchised Business. You are prohibited from offering any unapproved products or services without our prior written consent, and you must discontinue selling or offering for sale any products or services that we disapprove at any time. You primarily will be targeting homeowners as customers.

We have the right to add products or services that you must offer. There are no contractual limits on our right to do so. We will have the right to determine if services offered are appropriate for your Franchised Business.

*Customer Warranty.* You must provide to your customers a warranty and satisfaction guarantee for the period that we require in the Operations Manual on all Products used and Services provided in your Franchised Business. We may change the required warranty and satisfaction guarantee at any time.

You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include the period of time you have been operating the Franchised Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. You do not receive the right to sell products to any vendor who would in turn sell to consumers.

In the marketing and operation of the Franchised Business, you must use only the customer contracts, waivers, and/or other forms we designate from time to time. We may provide templates or sample forms of such items, but it is your responsibility to have all items which are to be used with prospective and/or actual customers reviewed by an attorney licensed to practice law in the state(s) where the Franchised Business is operated, for compliance with all applicable state and local legal requirements. We do not represent that any contracts, waivers and/or other forms and/or materials we supply are in compliance with the laws of any particular state(s) or locality.

You must provide services for any Key Accounts with locations in your Territory (see Item 12). If you refuse to perform the required services, or if we determine that your Franchised Business is not qualified, interested, able or available to perform the services, you are required to allow us or another franchisee to service the Key Account.

You may not perform services or sell products related to the Franchised Business outside of your Territory without our prior written consent, which we may give and withdraw as we deem appropriate. We may condition approval on, among other things, you obtaining a separate phone number or other requirements. You may not solicit or advertise to customers outside of the Territory without our permission. “**Solicit**” includes, but is not limited to, solicitation in person, by telephone, by mail, through the internet, social media, email or other electronic means, and by distribution of brochures, business cards or other materials or any other advertising. If you generate Gross Revenue from the sale of products or services in another franchisee’s territory, we may charge you our then-current Territory Infringement Fee as described in Item 12. Please see Item 12 for further details.

You may be required to participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs we prescribe for Franchised Businesses. Participation includes both issuing program benefits or credits and accepting them for payment by customers and may require you to purchase additional equipment. We will have the right to coordinate the crediting and debiting of funds among Franchised Businesses based on customer purchases and redemption of stored value. You are also required to participate in any customer loyalty programs we prescribe. You may not offer your own gift card, electronic

money, or loyalty program for the Franchised Business without our prior written approval.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 3	10 years
b. Renewal or extension of the term	Section 19	You can renew the Franchise Agreement for one additional term of 10 years if you meet certain conditions.
c. Requirements for you to renew or extend	Section 19	Conditions include: Written notice of your desire to renew; no default; good record of customer service and compliance with Brand Standards; on good terms with us, including no litigation or other adversarial legal proceedings with us; at our option, sign our then-current form of Franchise Agreement; pay renewal fee; sign general release of claims against us ( <u>Exhibit D</u> to this disclosure document); meet our training requirements; demonstrate right to remain in the Approved Location for the renewal term; remodel, refurbish, or renovate your vehicles and premises; and update computer systems and vehicles. The successor Franchise Agreement may contain terms that are materially different from your expiring Franchise Agreement, such as different fee requirements and adjustment of the Territory.
d. Termination by you	Not applicable.	<del>Subject to state</del> <u>No Franchise Agreement provision. However, if the law sets forth termination rights, you can terminate in accordance with such</u> law.
e. Termination by us without cause	Not applicable.	

Provision	Section in Franchise Agreement	Summary
f. Termination by us with cause	Section 16	See g. and h. below. In addition, your default under any other agreement that you or an affiliate has with us or our affiliates will constitute a default, subject to any applicable provisions for notice and cure set forth in the other agreement.
g. "Cause" defined - defaults which can be cured	Sections 16.2, 16.3, 16.6 and 16.7	<p>You have <del>seven</del><u>15</u> days to cure non-payment and 30 days to cure other defaults, except for those described in h. below.</p> <p>We have a "step in" right if you fail to cure a default within the applicable cure period (if any). This clause gives us the right, but not the obligation, to <del>operate</del><u>assume temporary management of</u> the Franchised Business <del>on your behalf (or designate a third party to do so using our own employees or contractors (which may be other franchisee))</del> until we determine that the default has been cured. If we exercise the step-in right, you must pay us (or our designee) a fee of up to \$500 per day and reimburse us (or our designee) for all costs and overhead incurred in connection with the <u>temporary</u> operation of your Franchised Business, including <u>the</u> costs of <u>our</u> personnel and their travel and lodging. In addition, you must indemnify us against any fines, claims, suits or proceedings which may arise out of our operation of the Franchised Business. The step-in right does not preclude our right to terminate the Franchise Agreement if your default is not cured.</p> <p>We also have certain other pre-termination options if you are in default. They include: removing the Franchised Business from listings of our locations, prohibiting you from attending brand meetings, <del>charging a default royalty rate (see Item 6);</del> suspending access to the Call Center and technology platforms, and suspending other services. These actions are in addition to our right to terminate and/or bring a claim for damages.</p>

Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Section 16.1	<p>Non-curable defaults include: failure to obtain an Approved Location or to open for business by deadline; failure to complete pre-opening training to our satisfaction; unauthorized closing; loss of premises or right to do business; refusing inspection or access to records; operating Competing Business (see q. below); unapproved transfer of ownership or business assets; <u>knowing misuse or</u> disclosure of our confidential information; maintaining false books, underreporting sales, engaging in fraud or embezzlement, or misappropriating employee funds; conviction of felony or certain other crimes; insolvency, receivership, or dissolution of your business entity or loss of business license; if Franchisee or any Owner appears on a list of “blocked” persons under any anti-terrorism or similar law; breach of essential provision; failure to <del>achieve minimum score on consecutive assessments; failure</del> to maintain required insurance; failure to <u>attempt to contact a complaining customer or to</u> resolve customer complaint; <u>Key Person, Owners of Franchisee, and/or employees, as designated by us (collectively, “Designated Franchisee Representatives”)</u> or a Qualified Substitute’s failure to attend our annual convention for <del>two</del> <u>three</u> consecutive years; failure to conduct background checks; repeated defaults even if cured; <u>unauthorized use of the Marks or engaging in conduct we reasonably believe threatens to impair the Marks or our reputation, and not curing within 24 hours after notice from us; violating health, safety, or sanitation law or operating the Franchised Business in a manner that presents a health or safety hazard to your employees, customers or the general public.</u></p>
i. Your obligations on termination/non-renewal	Sections 16.8 and 17	<p>We have the option to assume your lease (if any), buy the business assets, and take over your customer contracts. If we do not exercise these options, your obligations include ceasing to operate the Franchised Business, complete de-branding, deactivating or transferring domain name registrations and social media accounts for the Franchised Business, transferring your</p>

Provision	Section in Franchise Agreement	Summary
		business telephone number and listings to us, paying all amounts due, returning all of our materials, and complying with confidentiality and non-compete restrictions, among others (also see o. and r. below). If termination was based on your default, you must also pay us liquidated damages (see Item 6).
j. Assignment of contract by us	Section 15.8	No restriction on our right to assign.
k. “Transfer” by you – definition	Section 15.1	Restrictions apply to transfers of any direct or indirect interest in the Franchise Agreement, in the assets of the Franchised Business, or in the equity ownership of Franchisee (if the Franchisee is a corporation or other entity).
l. Our approval of transfer by franchisee	Section 15.1	We have the right to approve all transfers.
m. Conditions for our approval of transfer	Sections 15.2 and 15.3	We can impose any reasonable conditions, including: no default exists; proposed transferee meets our qualifications, signs our then-current Franchise Agreement (and owners sign our personal guarantee), successfully completes training, makes arrangements to upgrade the business to our current standards, and, if a current franchisee at another location, is not in default and signs a general release; you pay transfer fee (plus any applicable third-party broker fee) and sign release of claims against us ( <u>Exhibit D</u> to this disclosure document); price and terms do not harm viability of Franchised Business; and any financing is subordinated to obligations to us.
n. Our right of first refusal to acquire your business	Section 15.6	We have the right to match any offer that would result in a change of control of the Franchised Business, except in the case of transfer to a spouse and/or adult children.
o. Our option to purchase your business	Section 17.1	No option except upon expiration or termination of the franchise. See i. above.

Provision	Section in Franchise Agreement	Summary
p. Your death or disability	Section 15.4	Your executor or personal representative must apply to us within three months to transfer the interest of the deceased or incapacitated person to an approved party and must complete transfer within one year. If the deceased or incapacitated person is the Key Person, we have the right to manage the Franchised Business until the transfer is completed.
q. Non-competition covenants during the term of the franchise	Section 14.1	No involvement in “ <b>Competing Business</b> ,” defined as any business that: (i) offers window products, patio (enclosure, cover, room) products, porch (enclosure, room) products, shade products or structures, and door products and related services to the public, in general, or services similar to those offered by the Franchised Business, (ii) grants franchises or licenses to others to operate such businesses, or (iii) is the same or substantially similar in nature or purpose to the Franchised Businesses (other than a “SCREENMOBILE” business operated under a Franchise Agreement with us). This is subject to state law.
r. Non-competition covenants after the franchise is terminated or expires	Section 14.2	No involvement with Competing Business for two years after expiration, termination, or approved transfer of the franchise. Applies if the Competing Business is located or serves customers (i) within the Territory, (ii) within forty (40) miles of the Territory, (iii) within any zip code where the Franchised Business served customers during the term, (iv) within the territory of any other then-existing Franchised Businesses plus the area formed by extending the boundaries of that territory ten (10) miles in all directions, or (v) within the territory serviced by any business operated under the Marks by us or our affiliates, plus the area formed by extending the boundaries of that territory ten (10) miles in all directions. This is subject to state law.
s. Modification of the agreement	<del>Sections</del> <a href="#">Section 22.12</a> and <a href="#">22.13</a>	Modifications must be in writing signed by both parties, except: <del>(a) that</del> we have the right to change the Brand Standards Manuals, <del>and (b) all of your existing Franchise Agreements are amended by</del>

Provision	Section in Franchise Agreement	Summary
		<del>signing the Franchise Agreement for an additional location.</del>
t. Integration/merger clause	Section 22.12	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Sections 23.2, 23.3 and 23.4	<p>With the exception of actions for provisional relief, to collect fees due under the Franchise Agreement, to seek an injunction, to protect our intellectual property, to terminate the Franchise Agreement for default, and to enforce post-term obligations, we, you, and the Owners must arbitrate all disputes in Columbia, Maryland.</p> <p>All of these provisions are subject to state law in your state.</p>
v. Choice of forum	Section 23.6	<p>Subject to the arbitration requirement, you and the Owners must file any suit against us in federal court in the district where our headquarters is located at the time the suit is filed (currently Columbia, Maryland). We can sue you in federal or state court in the district where our headquarters is located at the time the suit is filed or where the Franchised Business is located. You and we both waive the right to trial by jury and the right to seek punitive damages.</p> <p>All of these provisions are subject to state law in your state.</p>
w. Choice of law	Section 23.1	Maryland law applies (subject to state law).

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19**  
**FINANCIAL PERFORMANCE REPRESENTATION**

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

**Overview**

## OVERVIEW

In this Item, we present certain historical information for ~~franchised~~ SCREENMOBILE ~~businesses~~ Franchised Businesses for the ~~2022~~2023 fiscal year and prior years. The explanatory notes following the tables are an important part of the information presented. As of December 31, ~~2022~~2023, we had ~~108~~107 franchisees operating in ~~148~~145 Territories ~~and one franchisor-owned SCREENMOBILE business in operation.~~

Tables 1 through 5 present information on ~~132~~136 Territories that were in operation for the entire ~~2022~~2023 fiscal year. Excluded from these tables are ~~17 Territories that did not operate for the entire 2022 fiscal year, including 36 Territories that ceased operation in 2022, 13 Territories that opened in 2022 and 3 Territories that transferred the Franchised Business and ceased operations for a period of time in 2022.~~ Of the ~~132~~ Territories reported in the tables (the “**Reporting Group**”), ~~96 had 150,000 Housing Units or more and 36 had fewer than 150,000 Housing Units. We require franchisees with territories including 150,000 Housing Units or more to operate with an additional vehicle and trailer. See Note 3 in Table 1 for the definition of “Gross Sales”.~~

~~Some of the terms defined in this section have changed in the new version of our Franchise Agreement. For example, we now use “Gross Revenue” rather than “Gross Sales.” These changes have no material effect on the data reported~~ operating during the 2023 fiscal year, 1 Territory that opened during the 2023 fiscal year and 8 Territories that did not report Gross Revenue for the 2022 fiscal year full 12 months of 2023.

**TABLE 1**  
**AVERAGE GROSS SALES, NUMBER OF CUSTOMERS,**  
**AND GROSS SALES PER CUSTOMER**

<b>Data Type</b>	<b>Average Per Territory</b>	<b>Median</b>	<b>Highest Territory</b>	<b>Lowest Territory</b>	<b>Number of Territories Exceeding Average</b>	<b>Percentage of Territories Exceeding Average</b>
Gross Sales <sup>(1)</sup>	\$418,286	\$298,304	\$2,913,397	\$18,580	45	34%
Number of Customers <sup>(2)</sup>	401	320	1,639	4	48	36%
Gross Sales Per Customer <sup>(3)</sup>	\$1,213	\$911	\$5,975	\$215	48	36%

## GROSS REVENUE PER TERRITORY, BY QUARTILE

<u>Quartile</u>	<u>Number of Territories in Group<sup>(1)</sup></u>	<u>Average Gross Revenue Per Territory in Group<sup>(2)</sup></u>	<u>Median Gross Revenue of Territories in Group</u>	<u>Highest Gross Revenue of Territories in Group</u>	<u>Lowest Gross Revenue of Territories in Group</u>	<u>Number of Territories Achieving or Exceeding Group Average</u>	<u>Percent of Territories Achieving or Exceeding Group Average</u>
Top 25%	34	\$ 1,000,940	\$ 940,944	\$ 3,002,951	\$ 491,098	14	41%
2nd Quartile	34	\$ 385,437	\$ 384,415	\$ 478,423	\$ 303,769	17	50%
3rd Quartile	34	\$ 237,111	\$ 236,831	\$ 301,792	\$ 172,951	17	50%
Bottom 25%	34	\$ 106,205	\$ 106,636	\$ 171,995	\$ 18,925	17	50%
<b>Totals</b>	<b>136</b>	<b>\$ 432,423</b>	<b>\$ 302,780</b>	<b>\$ 3,002,951</b>	<b>\$ 18,925</b>	<b>42</b>	<b>31%</b>

**Notes to Table 1:**

1. —

(1) Table 1 reports on 136 Territories that were in operation for the entire 2023 fiscal year, ranked in order of highest Gross Revenue to lowest Gross Revenue.

(2) The term **“Gross Sales”** ~~means the revenues received~~ **Revenue** is generally defined in the applicable forms of franchise agreement as all revenue from the sale of ~~all goods,~~ products and services ~~sold at, from, or through SCREENMOBILE~~ and all other income, ~~revenue and consideration~~ of every kind ~~and nature~~ related to ~~SCREENMOBILE~~ the Franchised Business, whether for cash ~~or,~~ credit, trade, barter or other value and regardless of collection in the case of credit, ~~including the full redemption value of any gift certificate or coupon sold for use in SCREENMOBILE (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from this calculation), and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes collected from customers for, and paid directly to, the appropriate taxing authority; and (b) and even if you have contracted with third parties to provide certain of the services, less~~ any bona fide refunds ~~made~~ given to customers. —

2. ~~“Number of Customers”~~ is calculated by determining the total number of customers serviced by the Reporting Group in 2022 and dividing by the number of territories in the Reporting Group.

3. ~~“Gross Sales Per Customer”~~ is determined by dividing the total Gross Sales generated by the Reporting Group in 2022 by the Number of Customers in the Reporting Group. ~~Because the figure shown is the average for the Reporting Group as a whole, it does not correspond to the Territory averages in the prior line items in the ordinary course of business.~~ Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business.

Gross Revenue is not reduced on account of any fees or commissions you pay to third parties who refer customers. The Gross Revenue data for a franchisee may include sales in “open” Territory, that is, territory that had not been awarded to a franchisee.

**TABLE 2**  
**GROSS SALES PER TERRITORY, BY QUARTILE**

Table 2 below reports on 132 Territories that were in operation for the entire 2022 fiscal year, ranked in order of highest Gross Sales to lowest Gross Sales. See Note 1 to Table 1 for the definition of “Gross Sales.”

Quartile	Number of Territories in Group	Average Gross Sales Per Territory	Median Gross Sales in Group	Highest Territory Gross Sales in Group	Lowest Territory Gross Sales in Group	Number of Territories Exceeding Group Average	Percentage of Territories Exceeding Group Average
Top 25%	33	\$938,419	\$823,312	\$2,913,397	\$484,323	14	42%
2nd Quartile	33	\$383,769	\$374,141	\$462,303	\$299,497	15	45%
3rd Quartile	33	\$237,281	\$241,024	\$297,110	\$174,467	18	55%
Bottom 25%	33	\$113,676	\$125,041	\$174,467	\$18,580	20	61%

*[Remainder of page intentionally left blank]*

**TABLE 3**  
**NUMBER OF CUSTOMERS PER TERRITORY, BY QUARTILE<sup>(+)</sup>**

Quartile	Number of Territories in Group <sup>(1)</sup>	Average Number of Customers Per Territory <sup>(2)</sup>	Median Number of Customers in Group	Highest Territory Number of Customers in Group	Lowest Territory Number of Customers in Group	Number of Territories Exceeding Group Average	Percentage of Territories Exceeding Group Average
Top 25%	<u>3334</u>	<u>826680</u>	<u>703473</u>	<u>1,6391,577</u>	<u>484205</u>	11	<u>33%</u> <u>32%</u>
2nd Quartile	<u>3334</u>	<u>397408</u>	<u>394371</u>	<u>483921</u>	<u>32194</u>	<u>1613</u>	<u>48%</u> <u>38%</u>
3rd Quartile	<u>3334</u>	<u>255286</u>	<u>257289</u>	<u>319718</u>	<u>19265</u>	17	<u>52%</u> <u>50%</u>
Bottom 25%	<u>3334</u>	<u>127158</u>	<u>129131</u>	<u>182607</u>	<u>45</u>	<u>1715</u>	<u>52%</u> <u>44%</u>
<b>Totals</b>	<b><u>136</u></b>	<b><u>383</u></b>	<b><u>314</u></b>	<b><u>1,577</u></b>	<b><u>5</u></b>	<b><u>49</u></b>	<b><u>36%</u></b>

**Notes to Table 3 below 2:**

(1) Table 2 reports on 132136 Territories that were in operation for the entire 20222023 fiscal year, ranked in order of highest Number of Customers to lowest Number of Customers.

**Notes to Table 3:**

1.—

(2) “Number of Customers” is calculated by determining the total number of customers serviced by each Territory ~~in the Reporting Group~~.

**TABLE 4**

**TABLE 3**  
**AVERAGE GROSS SALES REVENUE PER CUSTOMER , BY QUARTILE**

~~Table 4 below reports on 132 Territories that were in operation for the entire 2022 fiscal year, ranked in order of highest Gross Sales Per Customer to lowest Gross Sales Per Customer.~~

<b>Quartiles<sup>(+)</sup> Quartile</b>	Number of Territories in Group <sup>(1)</sup>	Average Gross Sales Revenue Per Customer for the Group <sup>(2)</sup>	Median of Gross Sales Revenue Per Customer in Group	Highest Gross Sales Revenue Per Customer for Territories in Group	Lowest Gross Sales Revenue Per Customer for Territories in Group	Number of Territories Exceeding Group Average	Percentage of Territories Exceeding Group Average
Top 25%	<u>3334</u>	<u>\$2,393</u> <u>1,674</u>	<u>\$2,029</u> <u>1,796</u>	<u>\$5,975</u> <u>3,055</u>	<u>\$1,647</u> <u>454</u>	<u>918</u>	<u>27%</u> <u>53%</u>

2nd Quartile	<del>3334</del>	<del>\$1,251</del> 1,238	<del>\$1,193</del> 1,137	<del>\$1,626</del> 4,050	<del>\$919,333</del>	15	<del>45%</del> 44%
3rd Quartile	<del>3334</del>	<del>\$726,105</del>	<del>\$719,835</del>	<del>\$904,413</del>	<del>\$574,420</del>	<del>15</del> 10	<del>45%</del> 29%
Bottom 25%	<del>3334</del>	<del>\$481,099</del>	<del>\$516,757</del>	<del>\$573,646</del>	<del>\$215,205</del>	<del>20</del> 7	<del>61%</del> 21%
<b>Totals</b>	<b>136</b>	<b>\$1,267</b>	<b>\$952</b>	<b>\$6,464</b>	<b>\$205</b>	<b>53</b>	<b>39%</b>

**Note to Table 4:**

1. ~~Gross Sales Per Customer for each quartile~~

**Notes to Table 3:**

(1) Table 3 reports on 136 Territories that were in operation for the entire 2023 fiscal year, ranked in order of highest Gross Revenue Per Customer to lowest Gross Revenue Per Customer.

(2) “Average Gross Revenue Per Customer” is determined by ~~dividing~~adding the total Gross Sales Revenue generated by ~~that quartile in 2022~~the Territories in the respective quartile and dividing it by the Number of Customers in ~~that~~the same quartile.

**TABLE 5** See Note 2 to Table 1 for definition of “Gross Revenue”.

**TABLE 4**  
**OPERATING EXPENSE AS A PERCENTAGE OF GROSS SALES REVENUE<sup>(1)</sup>**

In April ~~2023~~2024, we sent a survey to all franchisees requesting figures for the ~~2022~~2023 fiscal year showing their respective operating expenses as a percentage of Gross Sales Revenue. Table ~~54~~ includes information for ~~123~~126 Territories that completed the survey. We have excluded the results of the responding franchisees who were not open for the entire ~~2022~~2023 fiscal year and the franchisees who did not respond to the survey. Table ~~54~~ below reports the average of the survey responses from these ~~123~~126 Territories.

Average Operating Expense Percentage <sup>(2)</sup> <sup>(3)</sup>	Median Operating Expense Percentage	Lowest Operating Expense Percentage	Highest Operating Expense Percentage	Number of Territories Exceeding Average	Percentage of Territories Exceeding Average
70%	71%	16%	145%	67	53%
73%	73%	9%	162%	64	52%

**Notes to Table 54:**

(1) ~~1.~~ See Note ~~12~~ to Table 1 for ~~the~~ definition of “Gross Sales Revenue”.

(2) ~~2.~~ “Operating Expense(s)” includes items such as supplies, vehicle expenses and licensing, marketing, utilities, software, insurance, professional fees, and employee wages. It also includes

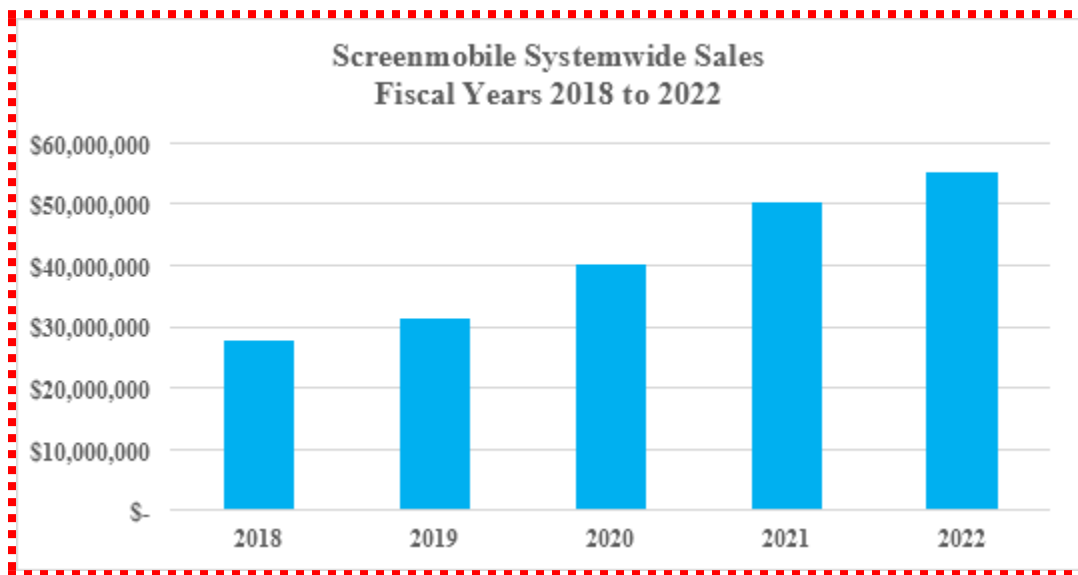
fees paid to us, including Royalty Fees and Brand Fund contributions. It does not include owners' salary, owners' draws, or shareholders draws, nor does it include interest, income taxes, depreciation, amortization, and ~~other~~ non-operating expenses.

~~(3) 3. Some of the reporting franchisees utilize employees while others are owner-operators. The reported Operating Expenses were affected by production and supply issues and other market conditions caused by the economic effects of the pandemic market and lockdown restrictions.~~ employ individuals to manage the day-to-day operations of the Franchised Business and other reporting franchisees are owner-operators.

*[Remainder of page intentionally left blank]*

**TABLE 65**  
**SYSTEMWIDE SALES GROWTH**

Table 65 sets forth the aggregate Gross ~~Sales~~ Revenue ("Systemwide Sales") reported by all ~~Screenmobile~~ franchisees whose ~~Screenmobile~~ Franchised Businesses were operational for any part of the ~~respective calendar years~~ year (even as little as one month if the franchisee completed initial training in December of their initial year). See Note 2 to Table 1 for the definition of "Gross Revenue."



~~Except for Table 5, the financial performance representations in this Item 19 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit.~~



\* \* \*

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you ~~will~~ will sell as much.

The financial information we utilized in preparing the preceding financial performance representations was based ~~entirely upon~~ on information reported to ~~our predecessor~~ us by franchisees. ~~No independent accountant or auditing firm has audited, reviewed or otherwise evaluated this information for accuracy or expressed an opinion with regard to its content or form.~~

Written substantiation for these financial performance representations will be made available to ~~the prospective franchisee~~ you upon reasonable request.

~~We recommend that you make your own independent investigation to determine whether the franchise may be profitable to you. We strongly suggest you consult your financial advisor or accountant (a) to help you determine how to interpret the information contained in this Item, (b) concerning financial projections; and (c) federal, state and local income taxes and any other applicable taxes that you may incur in operating a SCREENMOBILE Franchised Business.~~

Other than the preceding financial performance ~~representation, —SMF—~~ representations, Screenmobile Franchising SPE LLC does not make any ~~financial—performance~~ representations representation. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Heather McLeod, Screenmobile Franchising SPE LLC, 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046, ~~(410)740-1900~~ (410) 740-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**Systemwide Outlet Summary**  
For Years ~~2020~~2021 to ~~2022~~2023<sup>(1)</sup> (2) (3) (4)

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	<del>2020</del>	<del>121</del>	<del>130</del>	<del>+9</del>
	2021	<u>130</u>	140	<u>+10</u>
		<u>128</u>		<u>+12</u>
	2022	140	<del>148</del> <u>150</u>	<del>+8</del> <u>+10</u>
	<u>2023</u>	<u>150</u>	<u>145</u>	<u>-5</u>
Company-Owned <sup>(5)</sup>	<del>2020</del>	<del>1</del>	<del>1</del>	<del>0</del>
	2021	1	1	0
	2022	1	1	0
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>-1</u>
<b>TOTALS</b>	<del>2020</del>	<del>122</del>	<del>131</del>	<del>9</del>
<b>TOTALS</b>	2021	<del>131</del> <u>129</u>	141	<del>10</del> <u>12</u>
	2022	141	<del>149</del> <u>151</u>	<del>8</del> <u>10</u>
	<u>2023</u>	<u>151</u>	<u>145</u>	<u>-6</u>

**Notes to all Item 20 tables:**

~~1.~~ (1) Our fiscal year ends December 31. The figures in the tables are as of our fiscal year end each year.

~~2.~~ (2) The figures are for the number of territories in operation at year-end. Each franchise territory has a separate Franchise Agreement.

~~3.~~ (3) As of December 31, ~~2022~~2023, there were ~~108~~107 franchisees in operation; the number of territories in operation for each franchisee is shown in Exhibit F. See Table 5 below regarding territories that were not yet in operation under Franchise Agreements that had been signed as of year-end.

~~4.~~ (4) As described in Item 1, we became the franchisor of the SCREENMOBILE system in April 2023. For each Table in this Item 20, the information relating to the period before April 2023 is from our predecessor.

~~5.~~ As described in Item 1, the Company-Owned Outlet converted to a franchise as part of the SMC Acquisition in February 2023.

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years ~~2020~~2021 to ~~2022~~<sup>(1)</sup>2023<sup>(1)</sup>**

State	Year	Number of Transfers
Arizona	<del>2020</del>	<del>0</del>
	2021	0
	2022	3
	<u>2023</u>	<u>0</u>
California	<del>2020</del>	<del>3</del>
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Florida	<del>2020</del>	<del>0</del>
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Georgia	<del>2020</del>	<del>0</del>
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
North Carolina	<del>2020</del>	<del>0</del>
	2021	0
	2022	6
	<u>2023</u>	<u>0</u>
South Carolina	<del>2020</del>	<del>0</del>
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
Tennessee	<del>2020</del>	<del>0</del>
	2021	0
	2022	1
	<u>2023</u>	<u>0</u>
<b>TOTALS</b>	<del>2020</del>	<del>3</del>
	<del>2021</del>	<del>0</del>
	<b>2022</b>	<b>14</b>
	<u>2023</u>	<u>0</u>

Notes:

~~1-~~(1) States not listed had no transfers for years ~~2020~~, 2021, ~~or~~ 2022, or 2023.

**TABLE 3**  
**Status of Franchised Outlets**  
**For Years ~~2020~~2021 to ~~2022~~2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations For Other Reasons	Outlets at End of Year
Arizona	<del>2020</del>	9	0	0	0	0	0	9
	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	<u>2023</u>	<u>9</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>9</u>
Arkansas	<del>2020</del>	<del>1</del>	0	0	0	0	0	<del>1</del>
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
California	<del>2020</del>	<del>42</del>	<del>39</del>	0	<del>10</del>	0	<del>10</del>	41
	<u>2021</u>	<u>41</u>	<u>2</u>	0	<u>2</u>	<u>0</u>	<u>0</u>	<u>41</u>
	<del>2021</del>	41	0	0	10	0	0	40
	<u>2023</u>	41	0	0	10	0	0	<u>40</u>
	<del>2022</del>	<del>40</del>	<del>2</del>	0	<del>2</del>	0	0	40
Colorado	<del>2020</del>	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Florida	<del>2020</del>	7	1	0	0	0	0	8
	2021	8	2	0	0	0	1	9
	2022	9	4	1	0	0	0	12
	<u>2023</u>	<u>12</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>11</u>
Georgia	<del>2020</del>	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
Idaho	<del>2020</del>	1	0	0	0	0	0	<del>1</del>
	2021	10	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations For Other Reasons	Outlets at End of Year
		0						
	2022	10		0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Illinois	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2021	2	1	0	0	0	0	3
	2022	30	0	1	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Indiana	<del>2020</del>	<del>1</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2021	3	1	0	0	0	0	4
	2022	4	2	0	0	0	0	6
	<u>2023</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Kansas	<del>2020</del>	<del>1</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2021	2	0	0	0	0	0	1
	2022	21	0	0	0	0	0	21
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Kentucky	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Louisiana	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Maryland	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
Massachusetts	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	1	0	0	0	0	2
	2022	20	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations For Other Reasons	Outlets at End of Year
Michigan	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Mississippi	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Missouri	2020	3	0	0	0	0	0	3
	2021	4	0	0	0	0	0	4
	2022	3	4	0	0	0	0	3
	2023	4	0	0	0	0	0	4
Montana	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nevada	2020	3	0	0	0	0	0	3
	2021	3	1	1	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
New Hampshire	2021	30	0	0	0	0	0	30
	2022	0	30	0	0	0	0	30
	2023	1	0	0	0	0	0	1
New Jersey	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations For Other Reasons	Outlets at End of Year
	2022	3	3	0	0	0	0	6
	<u>2023</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
North Carolina	<del>2020</del>	<del>9</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>9</del>
	2021	<u>8</u>	0	0	0	0	0	<u>8</u>
	2022	<u>8</u>	<u>0</u>	<u>90</u>	1	0	0	<u>87</u>
	<u>2023</u>	<u>7</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Ohio	<del>2020</del>	<del>2</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	6
	2021	<u>6</u>	<u>0</u>	0	0	0	0	<u>7</u>
	2022	<u>76</u>	0	0	0	0	0	<u>76</u>
	<u>2023</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
Oklahoma	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
	2021	<u>2</u>	0	0	0	0	0	<u>2</u>
	2022	<u>2</u>	0	0	0	0	0	<u>2</u>
	<u>2023</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
Pennsylvania	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	<u>1</u>	0	0	0	0	0	<u>1</u>
	2022	<u>1</u>	0	0	0	0	0	<u>1</u>
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
South Carolina	<del>2020</del>	<del>5</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>5</del>
	2021	<u>560</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
	2022	<u>56</u>	0	0	0	0	0	<u>56</u>
	<u>2023</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>4</u>
Tennessee	<del>2020</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
	2021	<u>3</u>	0	0	0	0	0	<u>3</u>
	2022	<u>3</u>	0	0	0	0	0	<u>3</u>
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<del>Texas</del>	<del>2020</del>	<del>6</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>7</del>
Texas	2021	<u>7</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	2022	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10</u>
	<u>2023</u>	<u>10</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>	<u>7</u>
<del>Utah</del>	<del>2020</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
Utah	2021	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Company	Ceased Operations For Other Reasons	Outlets at End of Year
	2022	3	0	0	0	0	0	3
	<u>2023</u>	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Virginia	<del>2020</del>	<del>4</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>5</del>
	2021	5	0	0	0	0	0	5
	2022	50		0	0	0	0	5
	<u>2023</u>	<u>5</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
<b>TOTALS</b>	<del>2020</del>	<del>121</del>	<del>12</del>	<del>1</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>130</del>
<b>TOTALS</b>	2021	<del>130</del> <u>128</u>	<del>12</del> <u>13</u>	0	<u>10</u>	0	1	140
	2022	140	<del>13</del> <u>15</u>	3	2	0	0	<del>148</del> <u>150</u>
	<u>2023</u>	<u>150</u>	<u>2</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>4</u>	<u>145</u>

**TABLE 4**  
**Status of Company-Owned Outlets**  
**For Years ~~2020~~2021 to ~~2022~~<sup>(1)</sup>2023**

State	Year	Outlets at the Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>
<b>TOTALS</b>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>

**Notes:**

~~1-(1)~~ As described in Item 1, the Company-Owned Outlet in California converted to a franchise as part of the SMC Acquisition in February 2023. States not listed had no Company-Owned Outlets for years ~~2020~~, 2021 ~~or~~, 2022 or 2023.

**TABLE 5**  
**Projected New Franchised Outlets**  
**as of December 31, ~~2022~~2023** <sup>(1) (2)</sup>

State	Franchise Agreements Signed But Outlet Not Open <sup>(1)</sup>	Projected New Franchised Outlet in the Next Fiscal Year <sup>(2)</sup>	Projected New Company- Owned Outlets in the Next Fiscal Year
Alabama	0	<del>2</del> 1	0
<u>Arkansas</u>	<u>0</u>	<u>1</u>	<u>0</u>
<del>California</del>	<del>1</del>	<del>3</del>	<del>0</del>
Florida	<del>0</del> 1	<del>1</del> 01	0
Georgia	0	1	0
<u>Indiana</u>	<u>1</u>	<u>0</u>	<u>0</u>
<u>Tennessee</u>	<u>1</u>	<u>1</u>	<u>0</u>
<del>Louisiana</del>	<del>0</del>	<del>2</del>	<del>0</del>
<del>Michigan</del>	<del>0</del>	<del>4</del>	<del>0</del>
<del>New Hampshire</del>	<del>1</del>	<del>1</del>	<del>0</del>
<del>New Jersey</del>	<del>0</del>	<del>2</del>	<del>0</del>
<del>South Carolina</del>	<del>0</del>	<del>1</del>	<del>0</del>
Texas	0	<del>6</del> 1	0
<del>Virginia</del>	<del>1</del>	<del>1</del>	<del>0</del>
<del>Wisconsin</del>	<del>0</del>	<del>2</del>	<del>0</del>
<b>TOTALS</b>	<b>3</b>	<b><del>35</del>6</b>	<b>0</b>

**Notes:**

(1) ~~1-~~The ~~second~~ column refers to the number of territories that franchisees have committed to open, but have not yet opened, under Franchise Agreements signed on or before December 31, ~~2022~~2023.

(2) ~~2-~~The ~~third~~ column refers to the number of territories that we expect to be covered by new Franchise Agreements signed in ~~2023~~2024.

~~Attached as Exhibit F is a list~~lists of our franchise owners, ~~the number of territories each owns and the addresses and telephone numbers of their business offices~~ as of December 31, ~~2022~~2023.

~~Attached as Exhibit G is a list of~~lists the franchisees ~~who~~that (i) had a franchise terminated, canceled, or otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement in ~~2022~~2023; (ii) had a franchise not renewed during ~~2022~~2023; or (iii) transferred ownership of the Franchised Business during ~~2022~~2023. There are no franchisees who have not communicated with us within the ten weeks prior to the issuance date of this disclosure document.

In some instances, current and former franchisees may sign provisions restricting their ability to discuss certain elements of their agreements with the SCREENMOBILE Franchise System. You may wish to

speak with current and former franchisees but know that not all such franchisees can communicate the details of their Franchise Agreement with you. During the last three fiscal years, some franchisees have signed confidentiality provisions that would restrict their ability to speak openly about their experience with the SCREENMOBILE Franchise System.

We have created the Franchise Advisory Council (“FAC”), currently composed of nine members: eight franchisees and one franchisor representative. The address for the FAC is our principal office at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland, 21046. The FAC does not maintain a separate telephone number, email address or website.

The following independent franchisee organization has asked to be included in this disclosure document:

Screen Partners Franchisee Association (SPFA)  
A Chapter of the American Association of Franchisees & Dealers  
276 Hazard Ave, Suite 11  
Enfield, CT 06082  
Phone: 619-209-3775  
Email: SPFA@aafdchapters.org

## **ITEM 21**

### **FINANCIAL STATEMENTS**

Exhibit I to this disclosure document contains the following:

1. The audited consolidated financial statements of AB Assetco LLC (“**AB Assetco**”), our parent company, (i) as of December 31, 2023 and 2022, and (ii) for the year then ended, ~~and (ii) as of December 31, 2021, 2023, and 2022~~ and for the period from May 14, 2021 to December 31, 2021. Because AB Assetco was organized on March 24, 2021, it does not have available and cannot yet include the 3 full years of audited financial statements required by the franchise laws.
2. A Guarantee of Performance of our obligations by AB Assetco. Our separate financial statements are not included in this disclosure document. Should we fail to fulfill our duties and obligations to our franchisees under their Franchise Agreements, AB Assetco absolutely and unconditionally guarantees to assume those duties and obligations.

As described in Item 1, AB Inc. provides support and services to SCREENMOBILE franchisees under a management agreement with us. AB Inc. was formerly known as Villa BidCo, Inc. until the company changed its name on May 17, 2021. We have included in Exhibit I the audited consolidated financial statements of AB Inc. and subsidiaries ~~as of December 31, 2022, 2021 and 2020 and for the years then ended~~, which comprise the consolidated balance sheets as of December 31, ~~2022, 2021, 2023~~ and ~~2020~~December 31 2022, and the related consolidated statements of comprehensive loss, of changes in stockholder’s equity and of cash flows for the three years then ended December 31, 2023. These financial statements are included for disclosure purposes only; AB Inc. is not a party to the Franchise Agreement we sign with franchisees, nor does it guarantee our obligations under the Franchise Agreement we sign with franchisees.

As part of the Securitization Transaction described in Item 1, certain subsidiaries of AB Inc., including us, have guaranteed the indebtedness incurred in connection with the Securitization Transaction.

[Please see the footnotes and supplements to the financial statements in Exhibit I for more information about the Securitization Transaction.](#)

## **ITEM 22** **CONTRACTS**

The following agreements are attached to this disclosure document:

- |           |  |
|-----------|--|
| Exhibit A | Franchise Agreement (including the following attachments: Data Sheet, Brand Appendix, <a href="#">Conversion Incentive Program Addendum</a> , Confidentiality and Non-Compete Agreement, Telephone Number and Internet Agreement, and EFT Agreement) |
| Exhibit B | Promissory Note, Guaranty and Security Agreement ( <a href="#">including a version for the Conversion Incentive Program</a> )  |
| Exhibit C | Renewal Addendum   |
| Exhibit D | Sample of General Release  |
| Exhibit K | State-Specific Disclosures and Contract Addenda  |

Except in certain states, we also require that you fill out a Questionnaire before signing an agreement with us. The Questionnaire is in [Exhibit E](#).

## **ITEM 23** **RECEIPTS**

The last two pages of this disclosure document are receipt pages. Please sign, date, and detach the last two pages and return one signed copy to us.

**EXHIBIT A**

**FRANCHISE AGREEMENT AND RELATED AGREEMENTS**



**FRANCHISE AGREEMENT**  
**[Franchise ID]**

Franchisor:	Screenmobile Franchising SPE LLC
Agreement Date:	
Full Legal Name of Franchisee:	
Individual Owner Name(s):	
Approved Location:	

**TABLE OF CONTENTS**

<b>SECTION</b>	<b>Page</b> <b>PAGE</b>
1. DEFINITIONS .....	1
2. FRANCHISE GRANT AND TERRITORIAL PROTECTION .....	3
3. AGREEMENT TERM .....	<del>4</del> <u>5</u>
4. PRE-OPENING .....	5
5. TRAINING .....	5
6. OPERATION OF THE FRANCHISED BUSINESS .....	6
7. FEES .....	11
8. REPORTS, FINANCIAL STATEMENTS, CUSTOMER DATA, AND DATA SECURITY .....	<del>13</del> <u>12</u>
9. INSURANCE .....	15
10. MARKETING AND ADVERTISING .....	<del>16</del> <u>15</u>
11. LICENSED MARKS AND COPYRIGHTS .....	18
12. BRAND STANDARDS MANUALS .....	<del>20</del> <u>19</u>
13. CONFIDENTIAL INFORMATION .....	<del>20</del> <u>19</u>
14. RESTRICTIONS ON COMPETITION .....	20
15. SALE OR ASSIGNMENT .....	<del>22</del> <u>21</u>
16. DEFAULT AND TERMINATION .....	<del>25</del> <u>24</u>
17. OBLIGATIONS UPON TERMINATION OR EXPIRATION .....	<del>28</del> <u>27</u>
18. BUSINESS ENTITY REQUIREMENTS .....	<del>30</del> <u>29</u>
19. RENEWAL .....	30
20. INDEMNIFICATION .....	<del>32</del> <u>31</u>
21. NOTICES .....	32
22. GENERAL PROVISIONS .....	32
23. DISPUTES .....	<del>34</del> <u>33</u>

PERSONAL GUARANTEE AND SPOUSE ACKNOWLEDGMENT

APPENDIX A – DATA SHEET

APPENDIX B – BRAND APPENDIX

APPENDIX C – CONFIDENTIALITY AND NON-COMPETE AGREEMENT

APPENDIX D – TELEPHONE NUMBER AND INTERNET AGREEMENT

APPENDIX E – ELECTRONIC FUND TRANSFER AUTHORIZATION FORM

## FRANCHISE AGREEMENT

This Agreement is between the company identified as “Franchisor” on the cover page (“we”, “us” or “Franchisor”), and the individual or company identified as “Franchisee” on the cover page (“you” or “Franchisee”). If Franchisee is a company, the term “Owners” means the individual(s) identified on the Data Sheet as the owners of the Franchisee, plus any other individual(s) we may approve in the future to hold an interest in the Franchisee.

### 1. DEFINITIONS

The terms defined in this Section 1 have the meanings set forth below. Other capitalized terms used in this Agreement are defined where they first appear within the text.

**1.1.** “**Agreement Date**” means the Agreement Date shown on the cover page of this Agreement.

**1.2.** “**Approved Location**” means the street address or specific site that we have approved for your business premises, as shown on the cover page of this Agreement. If the Approved Location has not been determined when we sign this Agreement, you are required to obtain our approval of a location within three (3) months after signing this Agreement. Once we approve the location, we will insert the street address or specific site on the cover page of this Agreement or otherwise confirm the approved address to you in writing.

**1.3.** “**Brand**” means the brand identified on the cover page of this Agreement.

**1.4.** “**Brand Appendix**” means Appendix B to this Agreement, which sets out certain business terms specific to the Brand.

**1.5.** “**Brand Fund**” means the fund to which you will contribute to support development and recognition of the Brand, as more fully described in Section 10.2, and may be referred to by names other than the “Brand Fund.”

**1.6.** “**Brand Standards**” means our required and recommended specifications, standards, policies and procedures for products, services, image, and operations of Franchised Businesses.

**1.7.** “**Brand Standards Manuals**” means, collectively, the materials and content we have developed relating to the establishment and operation of Franchised Businesses, consisting of one or more manuals, handbooks, and training materials regardless of format, including electronic files, video or audio recordings, and other media or otherwise communicated in writing to you, all of which we can modify, replace and supplement. The Brand Standards Manuals are sometimes referred to as the “Operations Manuals.”

**1.8.** “**Confidential Information**” means all knowledge and data not generally known to the public, whether or not constituting trade secrets, that we disclose to you and/or the Owners or that you obtain by virtue of this Agreement or any activities under this Agreement, including but not limited to: (i) methods, techniques, specifications, standards, policies, procedures, and design and layout plans relating to the operation of Franchised Businesses; (ii) future marketing plans and promotional programs for the Brand; (iii) customer data and other information concerning consumer preferences; (iv) inventory requirements and specifications; (v) sales, operating results, financial performance and other financial data of Franchised Businesses; (vi) the contents of the Brand Standards Manuals and our training programs; (vii) vendor lists, terms of purchase, and other information concerning the selection and sourcing of products, services, technology, equipment and supplies; (viii) marketing studies, surveys, and cost studies; (ix) research and

development, test results, and feasibility studies; and (x) business plans and non-public financial information of or about us and our affiliates.

**1.9. “Data Sheet”** means Appendix A to this Agreement, which collects certain details specific to Franchisee and this Agreement.

**1.10. “Designated Vendor”** means a particular manufacturer, wholesaler, distributor or other source that we designate for particular products or services, which may be a third party, us, or our affiliate.

**1.11. “Equipment Package”** means the list of equipment and accessories that we prescribe for Franchised Businesses as of the time you are preparing to open.

**1.12. “Franchised Business”** means the business that you operate under this Agreement at and from the Approved Location. “Franchised Businesses” means your Franchised Business plus all other businesses that we have authorized to operate under the Marks and System by means of a valid franchise agreement.

**1.13. “Gross Revenue”** means all revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. You agree that “Gross Revenue” includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by Franchisor) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business. ~~“Gross Revenue” also includes any proceeds of business interruption insurance.~~ “Gross Revenue” shall not be reduced on account of any fees or commissions you pay to third parties who refer customers. “Gross Revenue” does not include any sales taxes or other taxes you collect from customers and pay directly to the appropriate taxing authority. We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion or exclusion of certain revenue from “Gross Revenue” as circumstances, business practices, and technology change.

**1.14. “Improvement”** means any change, idea, innovation, concept (including any advertising slogan or idea), product, process, or improvement that may enhance or improve the System.

**1.15. “Key Person”** means the individual who is responsible for the day-to-day operational performance of the Franchised Business and who has the authority to bind Franchisee in all decisions regarding the Franchised Business. The initial Key Person is named in the Data Sheet.

**1.16. “Marks”** means the logo shown on the cover page of this Agreement and all other trademarks, service marks, logos, and commercial symbols that we expressly designate for use in connection with the System.

**1.17. “Opening Deadline”** means the date specified in the Data Sheet by which you are required to have the Franchised Business open and operating.

**1.18.** “Proprietary Products” means products bearing the Marks and/or prepared using formulations and/or methods of preparation developed by or for Franchisor. They may include apparel, accessories, and other products sold or used in the Franchised Business. We have the right to modify, discontinue, substitute, and/or add items to the Proprietary Products from time to time in our sole discretion.

**1.19.** “System” means the know-how and system of operation developed for the Brand and owned by Franchisor. The distinctive elements of the System include, but are not limited to: the products and services offered; customer service standards; the warranty program, if applicable; standards and specifications for equipment, technology, supplies, and operations; our advertising and promotional programs and marketing techniques; the exterior and interior design, décor, color scheme, fixtures, and furnishings of the business premises; and the accumulated experience reflected in our Brand Standards Manuals, training program, and instructional materials.

**1.20.** “Territory” means the geographic area defined in the Data Sheet and/or in a map attached to the Data Sheet.

## **2. FRANCHISE GRANT AND TERRITORIAL PROTECTION**

**2.1.** Right Granted. We grant you the right, and you undertake the obligation, on the terms and conditions of this Agreement, to establish and operate one (1) Franchised Business at the Approved Location only, and to use the Marks and the System only in connection with the Franchised Business, and only within the Territory. You agree to operate the Franchised Business for the full Agreement term specified in Section 3.

**2.2.** Territorial Protection. While this Agreement is in effect, and provided that you are not in default beyond any applicable cure period, we will not operate a business under the Marks and the System in the Territory or authorize others to operate Franchised Businesses within the Territory, except as permitted under Sections 2.3, 2.4 and 2.5 below. This does not prohibit us from advertising or soliciting [in your Territory for the purpose of recruiting prospective](#) employees or independent contractors ~~in your Territory~~.

**2.3.** Rights Reserved. We and our affiliates retain all rights not expressly granted to you, including the rights (despite anything to the contrary in Section 2.2 and regardless of the proximity to or effect on the Franchised Business):

**2.3.1** To establish, operate, franchise, and license others to operate businesses under the Marks at any location outside of the Territory;

**2.3.2** To operate a business under the Marks inside the Territory if: (i) Franchisor (or its affiliate) is operating a business under the Marks in the Territory as of the Agreement Date; or (ii) Franchisor has notified Franchisee before Franchisee signed this Agreement that Franchisor (or its affiliate) intends to operate a business under the Marks in the Territory;

**2.3.3** To use the Marks in other lines of business, anywhere in the world;

**2.3.4** To ~~establish and~~ operate, and to grant others the right to ~~establish and~~ operate, similar businesses or any other businesses offering similar or dissimilar products and services through similar or dissimilar channels of distribution, at any locations inside or outside the Territory, under trademarks or service marks other than the Marks.

**2.3.5** To develop, manufacture, have manufactured, advertise, market, sell and distribute, at retail or wholesale, and license others to manufacture, sell or distribute, goods or services that are identical or similar to

and/or competitive with those provided at the Franchised Business, whether under the Marks or any other name or mark, through dissimilar channels of distribution, including but not limited to through the Internet, mobile applications, telemarketing, retail stores, and wholesale clubs, or other distribution outlets (other than Franchised Businesses) both inside and outside the Territory;

**2.3.6** To establish and operate, and to grant others the right to operate, businesses offering dissimilar products and services both inside and outside the Territory under the Marks; and

**2.3.7** To acquire, be acquired by, or merge with other brands or outlets, even if the concepts or outlets are similar to the business operated under the System, and even if they have locations in the Territory. We will also have the right, in our sole discretion, to convert one or more outlets of the acquired, acquiring or merged brand to a Franchised Business within the Territory.

**2.4.** Activities Outside of the Territory. You may not perform services or sell products related to the Franchised Business outside of the Territory without our prior written consent, which we may give and withdraw as we deem appropriate, and which we may condition on obtaining a separate phone number or other requirements. You may not solicit or advertise to customers outside of the Territory without our permission. “**Solicit**” includes, but is not limited to, solicitation in person, by telephone, by mail, through the Internet, social media, email or other electronic means, and by distribution of brochures, business cards or other materials or any other advertising. If any solicitation of customers within the Territory is in media that will or may reach persons outside of the Territory, you are required to notify us in advance and obtain our consent. If you receive a request for services or products from outside the Territory, you are required to refer that request to the Franchised Business located in the applicable territory (or to Franchisor or its affiliate, if we have not assigned the applicable territory to a Franchised Business). Notwithstanding the foregoing, under certain limited circumstances, Franchisee may process a request from outside of the Territory if the requested service is permitted under our policies as set forth in the Brand Standards Manuals or otherwise designated by Franchisor. If Franchisor permits Franchisee to advertise, solicit, service or sell in areas outside of the Territory that are not serviced by another Franchised Business or by Franchisor or its affiliate, Franchisee is required to comply with all of the conditions and other requirements that we may from time to time specify in the Brand Standards Manuals or otherwise in writing with respect to such activities. We may at any time condition your continued out-of-Territory sales and services on your agreement to purchase the franchise rights for the territory in which the sales and services are being performed. At any time upon our demand or upon notice from us that the territory in question has been assigned to another Franchised Business, Franchisee agrees to immediately cease all activities in that territory and to comply with our procedures for the transition of customer accounts for that territory. Any violation of our policies on out-of-Territory sales and services is a material breach of this Agreement. In addition, if the violation is infringement on a territory that has been assigned to another Franchised Business, we may charge you our then-current Territory Infringement Fee, as described in the Brand Appendix. “**Territory infringement**” occurs when a franchisee generates Gross Revenue from a customer by receiving payment for products and/or services provided and/or rendered within the territory of another Franchised Business without first obtaining that franchisee’s written permission. Under no circumstances will we be liable to you for violations by other Franchised Businesses of our policies on out-of-Territory sales and services.

**2.5.** Key Accounts. Franchisor may from time to time enter into agreements to provide services to customers as part of a national, regional or key account program (“**Key Accounts**”, sometimes also referred to as “**National Accounts**”) at locations which include locations within the Territory. You agree to accept and perform the terms of such agreements (including, without limitation, special pricing, payment terms, timing of services, central invoicing) in respect of locations within the Territory. If you refuse to perform the required services or we determine that the Franchised Business is not qualified, interested, able or available to perform the services, you

are required to allow either Franchisor's employee or another franchisee to enter the Territory to perform the required services. In the case of an agreement under which the customer will pay a fixed amount for services at all locations listed in the agreement, we may allocate the fixed amount among the businesses performing the services.

**2.6.** No Other Sales Channels. You may not offer products or services through any channel other than those we have expressly approved. If you request approval of any other distribution channel or type of outlet, we will consider the factors we deem appropriate, which may include the period of time you have been operating the Franchised Business, your sales volume, whether you have met quality standards and other benchmarks, and other standards that we may determine. This Agreement does not license you to sell products to any vendor who would in turn sell to consumers. This Agreement does not restrict Franchisor or its affiliates from engaging in, and does not grant you any rights to participate in, any other business concepts of Franchisor or its affiliates other than the Franchised Business.

**2.7.** Relocation. You may not relocate the Franchised Business without our prior written consent. Any relocation must be to a location within the Territory. Unless otherwise agreed in writing, relocation of the Franchised Business does not change the Territory.

### **3. AGREEMENT TERM**

This Agreement will expire on the anniversary of the Agreement Date specified in the Brand Appendix (the "**Expiration Date**"). You will have an opportunity to renew the franchise rights when the term expires, subject to the terms of Section 19 and provided that you meet the conditions in that Section.

### **4. PRE-OPENING**

**4.1.** Preparation for Opening. You are required to prepare your Franchised Business and business premises as necessary to conform to the Brand Standards. The Brand Standards may require expenditures for, among other things, structural changes and modification of the premises; new or modified service vehicles, equipment, signs, fixtures and furnishings; interior and exterior remodeling and redecoration; installation of new technology and/or additions and upgrades to existing technology; and resurfacing of parking areas. As applicable, and as may be designated by Franchisor, you are required to order the Equipment Package and all other technology equipment, signs, fixtures, furnishings, inventory, and supplies from a Designated Vendor. If required by the Brand Appendix, you are required to pay us specified fees for outfitting the Franchised Business. You are required to notify us of the anticipated completion date and provide updates as requested during the build-out process. During the pre-opening period, you are required to permit our representatives to inspect the premises at reasonable times. We may specify further details of the build-out process in the Brand Standards Manuals.

**4.2.** Permits. You are required to obtain all zoning classifications, permits, and clearances (including, as applicable, construction permits, certificates of occupancy, health permits, environmental permits, sign permits, and mall or strip center clearances) that may be required by federal, state, or local law or your landlord for the Franchised Business. You have sole responsibility for operating your Franchised Business in compliance with all permits and laws.

**4.3.** Pre-Opening Marketing. You are required to conduct pre-opening marketing, as specified in Section 10.3, to attract an initial customer base for the Franchised Business.

**4.4.** Approval to Open. You agree not to open the Franchised Business for business until we notify you that: (1) all of your pre-opening obligations have been fulfilled; (2) pre-opening training of your personnel has been completed as required by Section 5; and (3) we have been furnished

with copies of all certificates of insurance required by Section 9.1.

**4.5. Opening Deadline.** You are required to open the Franchised Business to the public by the Opening Deadline. If you request an extension of the Opening Deadline, we have complete discretion whether to give an extension. If we agree to an extension, we have the right to charge you an extension fee of up to \$1,000 per month of extension. However, you will not be charged an extension fee if your request is accompanied by supporting documentation demonstrating to our satisfaction that, despite your best efforts, you are unable to obtain the necessary equipment to open and operate the Franchised Business by the Opening Deadline.

**4.6. Opening Support.** We will provide such opening support and assistance for the Franchised Business as we deem appropriate, at the time(s) and in the manner we determine. If you request opening support beyond what we customarily furnish to Franchised Businesses, and if we agree to furnish such additional support, then we will have the right to impose a fee, plus expenses, for providing the agreed additional support.

## 5. TRAINING

**5.1. Initial Training.** Franchisor will offer, at the time(s) and location(s) selected by Franchisor, a pre-opening training program to Franchisee and to those employees of Franchisee whom Franchisor deems appropriate. The individuals that we designate are required to successfully complete the pre-opening training. We have the right to vary the duration and content of initial training based on the trainee's prior experience in similar businesses. We alone have the right to judge whether a person has successfully completed the training program. Successful completion may require passing tests to establish proficiency in the delivery of services, use of technology and software applications, and other areas we designate. We will have the right to terminate this Agreement under Section 16.1 if, at any time during the pre-opening training program, we conclude in our sole judgment that any person required to attend the pre-opening training program does not possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or this Agreement.

**5.2. Additional Training.** After the Franchised Business opens for business, we will make available, at the time(s) and location(s) we designate, such other required and optional training programs as we deem necessary and appropriate. For training that we designate as required, the individuals that we designate are required to successfully complete the training.

**5.3. Training Methods.** We have the right to provide training programs in person, by video, via the Internet, or by other means, as we determine, and the training may be performed by us, our affiliates, or third parties.

**5.4. Training Fees.** We may charge a training fee: (a) for additional trainees that you request in excess of the maximum number we designate for a training program; (b) if we require remedial training as a result of your failure to comply with our Brand Standards; (c) for re-training persons who are repeating a training program, or their substitutes; and (d) for training programs that we make optional for franchisees.

**5.5. Travel Expenses.** For all training, including initial training, you are responsible for all travel expenses, living expenses, wages, and other expenses incurred by your trainees. If we conduct training at any location other than our headquarters, you may be required to pay the reasonable travel, meal and lodging expenses of our trainer(s).

**5.6. Training Assistance.** After the Franchised Business opens, you agree to give us reasonable assistance in training or assisting other franchisees of the Brand. We will reimburse you

for your reasonable costs and expenses in providing such assistance.

5.7. Employee Training. Except for the training in Sections 5.1 and 5.2, you are responsible for all employee training for the Franchised Business.

5.8. Brand Conferences and Conventions; Non-Attendance Fee. The Key Person ~~and/or,~~ Owners of Franchisee, ~~as designated by us~~ and/or employees of Franchisee, as designated by us (collectively, “Designated Franchisee Representatives”), are required to attend an annual convention and regional conferences of franchise owners, if called by us. Franchisee is responsible for the costs of travel and accommodations of its attendees. Franchisor reserves the right to charge a fee for each conference. If none of the ~~designated~~ Designated Franchisee ~~representatives~~ Representatives attend the annual convention, we may charge Franchisee a non-attendance fee of ~~\$2,000~~ 500 for the first convention the Designated Franchisee Representatives fail to attend and then a \$2,000 non-attendance fee for any convention that the Designated Franchisee Representatives fail to attend consecutively thereafter. If ~~none of the Key Person, Owners, and/or employees of~~ Designated Franchisee, ~~as designated by us, do not~~ Representatives attend the annual convention for ~~two~~ three (23) consecutive years, ~~unless the Designated Franchisee Representatives have an approved reason for not attending or Franchisee obtains our approval in advance to send a Qualified Substitute,~~ you will be in default of this Agreement, and we will have the right to terminate this Agreement ~~(or, in lieu of termination, increase your royalty fee by one percent (1%) of Gross Revenue under Section 7.6 until you attend the annual convention as designated by us),~~ as well as any other rights and remedies available to us at law or in equity. “Qualified Substitute” means an Owner who is active in the Franchised Business, as we determine, or other employee who actively works full time in the operation of the Franchised Business.

## 6. OPERATION OF THE FRANCHISED BUSINESS

6.1. Compliance with Brand Standards. In order to protect the reputation and goodwill of the Brand and to maintain high standards of operation under the System, you agree to comply strictly with all of our required Brand Standards. The Brand Standards may relate to any aspect of the appearance, operation, and marketing of the Franchised Business. Any material failure to comply with the required Brand Standards or to pass our inspection will constitute a material breach of this Agreement. However, we have the right to vary our standards and specifications to accommodate the individual circumstances of different franchisees. Franchisor’s specifications do not constitute a warranty or representation, express or implied, as to quality, safety, suitability, fitness for a particular purpose or any matter. We will not be liable to you or others on account of the designation of Brand Standards for the operation of the Franchised Business under the System.

6.2. Management. The Franchised Business is required at all times to be under the day-to-day supervision of the Key Person. We have the right to rely on any statement, agreement, or representation made by the Key Person. If the Key Person leaves your organization, you are required to nominate a replacement within thirty (30) days thereafter. If you have not obtained our approval of a replacement within ninety (90) days, you will be in material default of this Agreement.

6.3. Approved Products and Services. You are required to offer for sale from the Franchised Business all products and services that we designate from time to time as required items. You may also offer for sale any optional products and services that we have approved for sale in the Franchised Business. You are prohibited from offering any unapproved products or services without our prior written consent. ~~The~~ You are required to use our designated service system and processes ~~(which are integral to part of the System and that failure to adhere to them strictly will constitute a default of this Agreement)~~ Brand Standards) in providing all approved products and

[services to customers](#). You are required to discontinue selling or offering for sale any products or services that we disapprove at any time, in our sole discretion.

**6.4. Pricing and Promotional Activities.** To the extent permitted by applicable law where the Franchised Business is located, we have the right to establish maximum and/or minimum prices that you are required to follow for products and services sold in the Franchised Business. Subject to applicable law, you are required to participate in and comply with the terms of special promotional activities that we prescribe for Franchised Businesses generally or for Franchised Businesses in specific geographic areas or having particular characteristics. These activities may include special offers and other pricing promotions. Subject to the limitations in Section 10, you agree to bear your own costs of participating in these activities. You are required to display promotional signs and materials and otherwise participate in the manner we request.

**6.5. Telephone Numbers.** You are required to obtain one or more separate telephone numbers that are identified with the Franchised Business and no other business. At the termination or expiration of this Agreement, those telephone numbers and any online listings become our property. Simultaneous with signing this Agreement, you agree to sign the Telephone Number and Internet Agreement attached as Appendix D, duly appointing us as attorney-in-fact to effect a transfer to us of the telephone numbers and online listings for the Franchised Business upon expiration or termination of this Agreement. We may require that telephone numbers and electronic identities you use in connection with the Franchised Business be owned and controlled by us or an approved supplier, and that you transfer to an approved call routing and tracking supplier all telephone numbers associated with the Franchised Business.

**6.6. Live Voice and Call Center.** Telephone calls to the Franchised Business are required to be answered by “live” voices during the hours specified in the Brand Standards Manuals. You may not have calls answered by answering machines, voicemail, or digital assistants. We may require or prohibit forwarding calls to mobile phones. ~~If you do not comply with the “live” voice requirement as stated in the Brand Standards Manuals, we have the right to increase your royalty by one percent (1%) of Gross Revenue, in addition to any other remedies available to us under this Agreement, including default and termination. We also~~As provided in Section 6.10, we have the right to require you to use a designated call center for the Brand (the “**Call Center**”) for incoming calls. ~~We~~You will ~~charge you~~pay us or a designated/approved vendor a fee for ~~using~~the use of the Call Center service(the “**Call Center Fee**”), whether the service is required or optional. As of the Agreement Date, the Call Center Fee is the amount set forth in the Brand Appendix and is due at the same time as your royalty payments. We reserve the right to increase the Call Center Fee, to charge a minimum fee for this service, and to change the timing of payment of the fee. We also reserve the right to terminate your access to the Call Center or to cancel the Call Center program. We will provide you at least thirty (30) days’ notice prior to terminating the Call Center, modifying the Call Center Fee, or changing the timing of payment.

**6.7. Technology Requirements.** We have the right to specify the point-of-sale (POS) system, customer relationship management (CRM) system, back-office system, software applications, audio/visual equipment, security systems, electronic payment devices, and other hardware, software, and network connectivity for the Franchised Business. You agree to sign any standard license agreement or user agreement that may be required to use a system that we specify. You are required to use the required systems for service calls, managing inventory, reporting Gross Revenue and other information, training personnel, and other functions as we specify from time to time. You are required to ensure that your employees are adequately trained to use the systems and that they follow applicable policies. You are required to maintain your technology systems in good working order at all times and promptly install upgrades, additions, modifications, substitutions and/or replacements of hardware, software, connectivity, power, and other system components as necessary. You agree to bear all costs of acquisition, installation, use, maintenance and upgrade of

your systems.

**6.8.** Franchisee Portal. We have the right (but no obligation) to establish one or more websites and/or mobile applications that are open only to franchisees (the “**Franchisee Portal**”). If applicable, you are required to use the Franchisee Portal for reporting, training, ordering merchandise and supplies, or other purposes as we direct.

**6.9.** Payment Systems and Customer Retention Programs. You are required to participate in programs relating to gift cards, gift certificates, stored value cards, online or mobile coupons or credits, online or mobile ordering systems, and other electronic money programs we prescribe from time to time for Franchised Businesses. Participation includes both issuing program benefits or credits and accepting them for payment by customers, and may require you to purchase additional equipment. We have the right to coordinate the crediting and debiting of funds among Franchised Businesses based on customer purchases and redemption of stored value. You are required to comply with our policies regarding acceptance of payment by credit and/or debit cards, mobile payment systems, and digital coupons, including, for example, minimum purchase requirements and/or surcharges for use of a card. You are required to also participate in any customer loyalty programs we prescribe from time to time. You may not offer your own gift card, electronic money, or loyalty program for the Franchised Business without our prior written approval. The payment systems and loyalty programs we designate may require you to obtain new hardware, software, equipment and training at your own expense.

**6.10.** Sourcing. We have the right to require that all equipment, technology, inventory, supplies, vehicles, signs, furnishings, fixtures, décor items, retail merchandise, payment systems, and other products and services that you purchase for use or resale in the Franchised Business: (a) meet specifications that we establish from time to time; and/or (b) be purchased only from vendors that we have expressly approved; and/or (c) be purchased only from a single source (which may include us or our affiliates) at the then-current price. To the extent that we establish specifications, require approval of vendors, or designate specific vendors for particular items, we will notify franchisees via the Brand Standards Manuals or otherwise. We and our affiliates will earn revenue and profits on sales that we make directly to you. We may negotiate purchasing arrangements under which vendors agree to make goods or services available to Franchised Businesses on specific terms. You agree to participate in and abide by the terms of any vendor purchase program established by Franchisor. [To protect the reputation of the Brand, you agree to pay vendors on time.](#) Subject to applicable law, we may earn money in the form of rebates, licensing fees, administrative fees, commissions, or other payments from vendors based on your purchases. Subject to applicable laws and our arrangements with the vendors, we have no obligation to remit the funds to you.

**6.11.** Inventory. You are required to keep a sufficient inventory of products, merchandise, and supplies in the Franchised Business to meet the Brand Standards (or to meet reasonably anticipated customer demand, if we have not prescribed specific standards).

**6.12.** No Liability for Others’ Products. We disclaim all express and implied warranties and all other liability concerning any defects, malfunctions, or other deficiencies in equipment or other products manufactured by anyone other than us or our affiliates. You agree not to make any claims against us or our affiliates with respect to products that we and our affiliates did not manufacture, even if we or our affiliate sold you the product or designated or approved its source. You are required to assert any claims only against the manufacturer of the product, even if you obtained it through us or our affiliate.

**6.13.** Use of Approved Location; Hours of Operation. You are required to use the Approved Location only for the operation of the Franchised Business, to keep the Franchised Business open and in normal operation for the minimum hours and days specified in the Brand Standards Manuals

(subject to applicable laws), and to not use or permit others to use the Approved Location or the Franchised Business for any other purpose or activity without first obtaining our written consent. We have the right to vary the minimum hours and days of operation by market, type of facility, or other basis.

**6.14.** Required Equipment, Vehicles, Signs, Furnishings and Other Items. Throughout the Agreement term, you are required to acquire, use and install, as we may require, at your expense, all equipment, vehicles, technology, audio/visual equipment, security features, décor, furnishings, promotional materials, and signs that we require from time to time. You must not install or use in the Approved Location or Franchised Business any equipment, vehicles, technology, furnishings, signs, vehicle graphics, or other items that we have not approved.

**6.15.** Condition of Business Assets. You are required to keep the equipment, vehicles, signs, and other tangible assets of the Franchised Business in a clean, orderly condition and in excellent repair and condition, at your own expense. At our request, you are required to provide us with copies of any report of inspection of the Franchised Business conducted by a vendor or government agency.

~~**6.16.** Condition of Premises. If customers routinely visit the Approved Location, then you are required to periodically remodel your business premises to conform to our then-current Brand Standards for a new Franchised Business. We will not require remodeling more often than once every five (5) years. Remodeling may require expenditures for, among other things, replacement or renovation of furnishings, fixtures, equipment, and signs; interior and exterior painting, flooring and redecoration; and upgrades to technology, restrooms, and customer amenities. The remodeling obligation in this section is separate from and does not limit your obligations in any other Section of this Agreement or in your lease.~~

**6.16.** ~~**6.17.**~~ Customer Contracts. In the marketing and operation of the Franchised Business, Franchisee is required to use only the customer contracts, waivers, and/or other forms designated by Franchisor from time to time, except where Franchisor does not designate such items. Franchisor may provide Franchisee with templates or sample forms of such items, but it is Franchisee's responsibility to have all items which are to be used with prospective and/or actual customers reviewed, at Franchisee's expense, by an attorney licensed to practice law in the state(s) where the Franchised Business is operated, for compliance with all applicable state and local legal requirements. Franchisor makes no warranty or representation that any contracts, waivers and/or other forms and/or materials, whether supplied by Franchisor or otherwise, are in compliance with the laws of any particular state(s) or locality.

**6.17.** ~~**6.18.**~~ Customer Warranty or Guarantee. If the Brand Standards include a customer warranty or a satisfaction guarantee, you are required to provide the warranty or satisfaction guarantee to each customer and comply with the requirements of the warranty/guarantee program, as set forth in the Brand Appendix and/or the Brand Standards Manuals.

**6.18.** ~~**6.19.**~~ Performance Requirements. You agree to continuously exert best efforts to promote and enhance the performance of the Franchised Business and the goodwill of the Marks. If minimum performance requirements are set forth in the Brand Appendix (the "**Minimum Performance Requirements**"), you are required to achieve those Minimum Performance Requirements. If you do not achieve the Minimum Performance Requirements, we will have the right to: ~~(i) reduce the size of the Territory; (ii) establish or license a third party(ies) to establish a Franchised Business within the Territory; (iii) require Franchisee~~ you to implement a revenue improvement program, as we specify, which may include, among other things, engaging in specified marketing activities, by the conclusion of which ~~Franchisee is~~ you are required to achieve

the Minimum Performance Requirements; ~~or (iv) terminate this Agreement. If we elect the option in clause (iii), your failure to comply with the terms of the~~. If you still do not achieve the Minimum Performance Requirements after implementing a revenue improvement program ~~or failure to achieve, we will have the right to: (i) reduce the size of the Territory (with a corresponding adjustment in the Minimum Performance Requirements~~ will allow us to if the reduced Territory falls below our then-current standard territory size); or (ii) terminate this Agreement. The Minimum Performance Requirements are not a representation or guarantee of any financial results to Franchisee from the exercise of the rights granted in this Agreement.

6.19. ~~6.20.~~ Territory Visits and Inspections. You are required to permit our representatives to inspect the operations of the Franchised Business and to enter your business premises during normal business hours to review records, to observe, photograph and record operations, to remove samples of goods, materials and supplies for testing and analysis, and to interview your customers, employees, and vendors. You are required to provide assistance as reasonably requested by our representatives. Upon notice from us, you are required to immediately begin any steps necessary to correct deficiencies noted during a Territory visit.

6.20. ~~6.21.~~ Brand Standards Assessments. ~~You are required to comply~~ We assess franchisees' compliance with ~~our~~ Brand Standards ~~monitoring program, at your own expense. The program may include~~ by means of, among other things, customer satisfaction surveys, mystery shopper reports, employee satisfaction and perception surveys, health and safety reviews, and third-party observation of your operations. You are required to cooperate with these assessments as we reasonably request. If you do not achieve the minimum score or standard that we prescribe for a specific Brand Standards category, we may require you and/or your employees to complete additional training at a location we designate, at your expense. ~~If you do not achieve the prescribed minimum score or standard on two consecutive assessments or on three or more assessments in any five (5) year period, we will have the right to terminate this Agreement under Section 16.1.~~

6.21. ~~6.22.~~ Brand Programs. You are required to participate in and comply with any other programs that we prescribe for Franchised Businesses, as specified in the Brand Appendix.

6.22. ~~6.23.~~ Employer Responsibilities. You are required to maintain ~~proper~~ staffing in the Franchised Business adequate to meet the Brand Standards. You have sole responsibility for all employment decisions and functions relating to the Franchised Business, including but not limited to decisions related to recruiting, screening, hiring, firing, scheduling, training (other than the training in Section 5), compensation, benefits, wage and hour requirements, recordkeeping, supervision, safety, security and discipline of employees. Any information we provide about employment matters, whether voluntarily or in response to your request, and whether directly or by means of any technology tools, is a recommendation only and not intended to exercise control over the wages, hours or working conditions of your employees or the means and manner by which they carry out their duties. In addition, we may provide you with access to an independent, third-party employment law hotline (the “**Hotline**”). We will have no liability with respect to any advice you may receive through the Hotline or otherwise in connection with your use of the Hotline and we may discontinue offering access to the Hotline at any time. You alone will direct and control all employees of the Franchised Business, subject only to the Brand Standards that we prescribe to protect the goodwill associated with the Marks, which may include the requirement of initial and periodic drug testing and background checks. You are required to clearly inform all workers, before hiring and periodically thereafter, that Franchisee, and not Franchisor, is their employer and that Franchisor does not assume and will not accept any employer, co-employer, or joint employer obligations. You agree to indemnify us for any liability, cost, expense, loss or damage, including attorney’s fees and costs, arising from (i) any claim or allegation that Franchisor or any affiliate is the employer, co-employer, or joint employer of Franchisee, its Owners, or any workers in the Franchised Business, and (ii) your use of the Hotline or reliance on any information received

during your use of the Hotline.

6.23. ~~6.24.~~ Modifications to System. We can modify the System and the products and services offered by the Franchised Businesses from time to time (such as, but not limited to, by adding, deleting, and changing approved products or services, equipment, operating procedures, and Brand Standards). You agree to comply, at your own expense, with all such modifications, including without limitation any associated replacement or renovation of equipment, remodeling, redecoration, modifications to existing improvements, and structural changes.

6.24. ~~6.25.~~ Compliance with Lease. You are required to comply with all terms of the lease or sublease for the Approved Location and all other agreements affecting the operation of the Franchised Business. You are required to use best efforts to maintain a good working relationship with your landlord and refrain from any activity that may jeopardize your right to remain in possession of the Approved Location.

6.25. ~~6.26.~~ Compliance with Laws. You are required to operate the Franchised Business in compliance with all applicable municipal, county, state and federal laws, rules, regulations and ordinances, including maintaining all regulatory licenses. Additional details may be set forth in the Brand Appendix. You have sole responsibility for compliance despite any information or advice that we may provide.

6.26. ~~6.27.~~ Taxes and Indebtedness. You are required to promptly pay when due all taxes and all accounts and other indebtedness you incur in the operation of the Franchised Business. In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with procedures of the taxing authority or applicable law, but you may not permit a tax sale or seizure or attachment by a creditor against the Franchised Business.

## 7. FEES

7.1. Franchise Fee. You are required to pay us a non-refundable initial franchise fee in the amount shown in the Data Sheet. The initial franchise fee is due when you sign this Agreement.

7.2. Royalty. Beginning at the earlier of the Opening Deadline or when the Franchised Business opens, you are required to pay us an ongoing royalty fee in the amount shown in the Brand Appendix. Unless we designate a different period, the royalty fee will be paid on the schedule shown in the Brand Appendix.

7.3. Brand Fund Contribution. You are required to contribute to the Brand Fund on an ongoing basis the amount shown in the Brand Appendix. The Brand Fund contribution will be calculated for the same period and paid in the same manner as the royalty fee and will be used as described in Section 10.2.

7.4. Technology Fees. You are required to pay us fees as specified in the Brand Appendix to support development and operation of software, portals, websites, email accounts, mobile applications, social media, and other technology and communications channels. Unless we designate a different period, the technology fees will be paid on the schedule shown in the Brand Appendix. ~~We can revise technology fees at any time on reasonable notice, which need not be more than thirty (30) days.~~

7.5. Service Deficiency Reimbursements. If a customer of the Franchised Business complains to us that your services were deficient and we determine, after discussion with you, that

(i) there is merit to the customer's complaint, (ii) the complaint is the result of a contract dispute between you and the customer, and/or (iii) there has been a violation of local, state, or federal law, then in addition to the other remedies available to us under this Agreement, we reserve the right to perform or cause to be performed services to the customer's satisfaction or to reimburse the customer for any money the customer may have paid for the deficient services. You are required to promptly reimburse us for any costs we incur to perform the services or to reimburse the customer, upon receipt of an invoice from us.

~~7.6. — Non-Compliance Royalty Rate. If we determine that Franchisee is not in compliance with this Agreement, we are entitled to give notice declaring Franchisee non-compliant. Such notice shall be delivered with sufficient detail to provide Franchisee the opportunity to cure its non-compliance. As of the first Royalty Fee payment due date to occur more than ten (10) days after delivery of the notice of non-compliance by Franchisor, and continuing until the non-compliant condition has been removed, Franchisor shall have the right to assess Royalty Fees at the rate one percent (1%) higher than the rate payable under Section 7.2, in Franchisor's sole and absolute discretion. This right is cumulative of all other rights of Franchisor arising from Franchisee's non-compliance.~~

7.6. ~~7.7.~~ Payment Method. For all amounts payable to us, you are required to use the payment method(s) that we designate from time to time. If we require payment by Automated Clearing House (ACH) or electronic funds transfer, you are required to designate an account at a commercial bank of your choice (the "**Account**") from which we are able to make withdrawals. You agree to complete and submit to us an authorization for Automated Clearing House or other electronic funds transfer in the form attached to this Agreement as Appendix E or such other form as we or your financial institution may require. You agree to maintain sufficient funds in the Account to cover the amounts payable to us. If funds in the Account are insufficient to cover the amounts payable at the time we make our periodic electronic funds transfer, the amount of the shortfall will be deemed overdue. Additionally, if the electronic funds transfer payment request is returned due to insufficient funds, you are required to pay us a fee equal to the greater of: (a) \$50 or (b) the amount the bank charges us due to the insufficient funds. If we permit you to pay with a credit card, you agree to reimburse us for the resulting charges we incur, subject to applicable law.

7.7. ~~7.8.~~ Late Reports and Estimated Payments. If Franchisee's Gross Revenue report required by Section 8 is not received when due, (i) all payments owed by Franchisee for such time period shall be deemed overdue until the reports are received by Franchisor, regardless of whether payment was actually made; (ii) Franchisee shall be responsible for applicable late fees and interest under Section 7.9; and (iii) Franchisor will have the right to estimate Gross Revenue (and Franchisee agrees that 15% greater than previously reported Gross Revenue is a reasonable estimate, among other methods to estimate) and to draft from Franchisee's bank account the estimated amount due for royalties, Brand Fund contributions, and any other charges that are calculated based on Gross Revenue. When you provide the delinquent report(s), we will reconcile any difference between the estimated amount and the actual charges due for the period, and, if an overpayment, we will credit you on your next payment obligation to us.

7.8. ~~7.9.~~ Interest and Late Fees. If any payment to us is overdue, you are required to pay us, in addition to the overdue amount, interest on the overdue amount from the date it was due until paid, at the rate of 12% per annum or the maximum rate permitted by law, whichever is less. In addition, we will have the right to charge a late fee of \$100 for the second occurrence of a payment or report that is more than thirty (30) days past due, \$200 for the third such occurrence, and \$300 for the fourth and each subsequent occurrence. The late fee is to compensate us for our administrative costs incurred in enforcing your obligation to pay us or submit reports to us.

~~7.10. — Security Interest. To secure payment of: (a) the amounts you owe to us and our~~

~~affiliates from time to time under this Agreement and under any other agreement between you and us or our affiliates; and (b) the costs and expenses that we and our affiliates incur to collect or attempt to collect amounts due from you and to enforce this Section (together, the “Obligations”), you hereby grant us a security interest in all of the assets of the Franchised Business, including but not limited to: (i) all equipment, furnishings, fixtures, motor vehicles, merchandise, inventory, goods and other tangible personal property; (ii) all accounts, accounts receivable, other receivables, contract rights, leases, software, chattel paper and general intangibles; (iii) all instruments, documents of title, policies and certificates of insurance, securities, bank deposits, bank accounts and cash; (iv) all books, records and documents; (v) all permits and licenses for the operation of the Franchised Business; and (vi) all accessions, additions and improvements to, and all replacements, substitutions and parts for, and all proceeds and products of, the foregoing, including proceeds of insurance (collectively, the “Collateral”). Franchisee agrees to execute and deliver to Franchisor any other documents reasonably requested by Franchisor to create, maintain, perfect, or assure the priority of the security interest granted above. Franchisee hereby appoints Franchisor as its agent and attorney in fact to execute and deliver documents and to take all other actions (to the extent permitted by law) in Franchisee’s name and on Franchisee’s behalf that Franchisor may deem necessary or advisable to create, maintain, perfect, assure the priority of, or foreclose its security interest in and lien on the Collateral. This appointment is coupled with an interest and is irrevocable as long as any of the Obligations remain outstanding.~~

~~7.9.~~ **7.11. No Set-off; Application of Payments.** Your obligation for timely payment of the fees in this Agreement is absolute and unconditional. You may not set off, deduct, delay, escrow, or withhold any payment based on our alleged non-performance of obligations, including any money you allege that we or our affiliates owe you or any other claims that you believe you have against us or our affiliates. We can apply payments received from you to royalty fees, Brand Fund contributions, technology fees, purchases from us or our affiliates, interest, late charges, or any other obligation in the order we choose, regardless of any designation you make.

~~7.10.~~ **7.12. Taxes.** The payments that you are required to make to us must be the gross amount determined according to the applicable section of this Agreement without deduction for any taxes. You will pay all state and local taxes, including, without limitation, taxes denominated as franchise, business, gross receipts, commercial activity, property, ad valorem, sales, use, or excise taxes, that may be imposed on us or you arising out of or related to our receipt or accrual of fees referenced under this Agreement or related agreements, or ownership or use of any property or materials in your Territory in the course of providing services to you under this Agreement. In any case, you will pay to us (and to the appropriate governmental authority) such additional amounts as are necessary to provide us, after taking such taxes into account (including any additional taxes, penalties, interests or expenses), with the same amounts that we would have received or accrued had such withholding or other payment, whether by you or by us, not been required. If you fail to withhold or pay any such obligations to the appropriate government authority, you must indemnify us for any obligations including penalties, interest, and expenses (including legal and accounting fees) resulting from your failure to timely withhold or to pay the taxes.

## 8. REPORTS, FINANCIAL STATEMENTS, CUSTOMER DATA, AND DATA SECURITY

**8.1. Business Records and Reports.** You are required to prepare, and to preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records, and accounts, in accordance with generally accepted accounting principles and in the form and manner we prescribe. We may designate the chart of accounts and/or the accounting program or platform that you are required to use. You are required to provide to us upon request all books, records, tax returns, accounting records, and supporting documents relating to the Franchised Business, including but not limited to daily cash reports, cash receipts journals, general ledgers, cash

disbursement journals, weekly payroll registers, monthly bank statements, daily deposit slips, canceled checks, credit card statements, business tax returns, personal tax returns for all Owners and guarantors, supplier invoices, balance sheets, income statements, records of promotions and coupon redemptions, and lists of customers (both current and past) serviced by the Franchised Business. Concurrently with each payment of the Royalty Fee, you are required to send us a report of Gross Revenue for the preceding period, and at our request, you are required to send us accounting records, inventory reports, and such other information and supporting records as we may specify. ~~These records are required to be maintained at the Approved Location except as otherwise permitted by Franchisor.~~

**8.2.** Financial Statements and Tax Returns. ~~Within~~ At our request made within fifteen (15) days after the end of ~~each~~ calendar month, you are required to submit a statement of financial condition (a balance sheet) as of the end of the calendar month and a Profit and Loss financial statement for the month and for the fiscal year-to-date. The financial statements are required to be certified as correct and complete by the Key Person to the best of the Key Person's knowledge. We have the right to require financial statements on a more frequent periodic basis. ~~By May 1<sup>st</sup> of each year~~ At our request, you are required to submit to us a copy of the federal and state tax returns for the Franchised Business for the ~~prior~~ most recently filed tax year.

**8.3.** Parent and Guarantor Financial Statements. At our request, you agree to furnish an annual statement of financial condition for each individual or corporate guarantor of your obligations to us and, if applicable, for each of Franchisee's direct and indirect corporate parents.

**8.4.** Access to Your Systems. You are required to (a) give us independent access to ~~your systems and~~ (i) the systems that we require you to use in the operation of your Franchised Business from time to time, and/or (ii) any other systems that you use to store or process Confidential Information or to display the Marks and/or Proprietary Products to others; and (b) provide us with login credentials if necessary for that purpose. You are required to maintain an electronic connection with us at all times.

**8.5.** Right to Examine or Audit. We have the right, at any time, to examine and copy, at our expense, the books, records, accounts, and tax returns of the Franchised Business and the personal tax returns of the Owners. We also have the right, at any time, to have an independent audit made of the books and records of the Franchised Business. You are required to cooperate with the persons making the examination or audit on our behalf. If you or we discover at any time, by means of an audit or otherwise, that there has been an underpayment of royalty fees or other amounts due, you are required to promptly pay the amount due, together with applicable late fees and interest. Your payment and our acceptance of the overdue amounts will not constitute a waiver of or prejudice our right to exercise any other remedy in this Agreement, including termination.

**8.6.** Cost of Examination or Audit. If we perform an examination or audit due to: (i) your failure to submit reports of Gross Revenue or required financial statements, or (ii) your failure to maintain books and records as required, or if (iii) the cumulative Gross Revenue you report for any period of three consecutive months is more than 2% below the actual Gross Revenue for the period as determined by the examination or audit, then you are required to pay us the cost of the examination or audit, including travel and lodging expenses for the examiners or auditors. For purposes of calculating the cost, we will use hourly rates for our own personnel that are consistent with the rates of mid-level professionals of independent accounting firms.

**8.7.** Business and Customer Data. In this Section: "**Customer Data**" means Personal Information (as defined below), sales and payment history, and all other information about any person or entity the Franchised Businesses have serviced, wherever stored, including data regarding customers of businesses converted to a Franchised Business, and any other information

we may identify in the Brand Standards Manuals; “**Personal Information**” includes any information that, by itself or in conjunction with other information, may be used to specifically identify an individual, such as name, physical address, telephone number, e-mail address, social media accounts, billing and payment history, customer service requests, and any other information as defined in applicable law; and “**Business Data**” means all financial reports, vendor and supplier pricing data, and all other data about the Franchised Businesses other than Customer Data. Franchisee agrees that:

**8.7.1** We have the right to independently access all Business Data, wherever maintained. Franchisor also has the right to require Franchisees to deliver Business Data to Franchisor. Franchisor has the right to use (and to authorize others to access and use) Business Data to, among other uses: (i) verify sales; (ii) monitor progress of its franchisees, including compliance with Minimum Performance Requirements; (iii) prepare a financial performance representation for Franchisor’s Franchise Disclosure Document; and (iv) share vendor and supplier pricing data with its affiliates.

**8.7.2** Franchisor owns and has the right to access all Customer Data, in whatever form existing, and wherever stored. Because we own the Customer Data, including Personal Information, we can [\(subject to applicable law\)](#) share it with our affiliates, service providers, contracted third parties, or any other person, for any purpose, without notifying or compensating you, both during and after this Agreement, including for the performance of services for Franchisor or its parents or affiliates, as well as for marketing and cross-selling products and services of any of the foregoing parties. Whenever we request, and without request upon termination or expiration of this Agreement, you are required to promptly deliver to Franchisor all Customer Data in your possession or control, without retaining any of Customer Data in any media. You may not sell or disclose to anyone else any Personal Information or aggregated or non-aggregated Customer Data without first obtaining our written consent. In the event of an approved sale of the Franchised Business to a new owner who will continue to operate the Franchised Business under an agreement with us, you ~~may not~~ [are required to transfer the Customer Data to us and we will transfer the Customer Data to the new owner, or we may require you, in our sole discretion, to transfer the Customer Data directly to the new owner](#) . You agree to install and maintain the security measures and devices necessary to protect Customer Data from unauthorized access or disclosure, including (but not limited to) the minimum measures in Section 8.8.

## **8.8. Privacy and Security.**

**8.8.1** You are required to comply with applicable laws and our requirements pertaining to the collection, use, processing, protection, integrity, transfer of, consumer access to, correction of, and deletion of Personal Information. You are required to ensure that you collect Personal Information with express or implied consent of the consumer. Where required by applicable law, you are required to provide a written privacy notice to consumers regarding your collection, use, and disclosure of Personal Information, and are required to comply in all respects with any such written privacy policy. In addition to any restrictions set forth in Section 8.7.2 above, if Franchisor provides Franchisee with Personal Information (i) for the purpose of performing a service on behalf of Franchisor, or (ii) at the direction of the consumer, then the following restrictions shall apply to Franchisee's use of such Personal Information: Franchisee shall not (i) sell, rent, release, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information; (ii) retain, use, or disclose Personal Information for any purpose other than fulfilling the purpose for which it was provided and as permitted in this Agreement, including any restrictions set forth in Section 10; or (iii) retain, use, or disclose Personal Information outside of the direct business relationship between Franchisor and Franchisee. If Franchisor provides Personal Information to Franchisee, Franchisee certifies that it understands and will comply with the restrictions and obligations under any applicable laws on such Personal Information. Upon Franchisor’s request, Franchisee shall provide reasonable assistance to Franchisor in complying with any request from a consumer to exercise rights under any applicable law. Without limiting the foregoing, upon Franchisor’s request, Franchisee shall delete some or all Personal Information that Franchisee maintains.

**8.8.2** You are required to implement industry-standard administrative, physical, and technical security measures and devices to protect data from unauthorized access, acquisition, loss, destruction, disclosure or transfer. Without limiting the foregoing, you agree to comply with the then-current Payment Card Industry Data Security Standards (PCI/DSS), as those standards may be revised by the PCI Security Standards Council, LLC (see [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)) or successor organization; to implement the security requirements that the Council (or its successor) requires of a merchant that accepts payment by credit and/or debit cards; and to complete PCI/DSS audits as and when required by the standards. Compliance with PCI/DSS is not a guarantee that a security breach will not occur. Any losses or expenses we incur as a result of an actual or suspected security breach will be subject to indemnification under Section 20.

**8.9.** Data and Network Security. You are required to implement industry-standard administrative, physical, and technical security measures and devices to protect data (whether Personal Information, Customer Data, Confidential Information, intellectual property, or other data) and any portion of the Franchised Business from unauthorized access, acquisition, loss, destruction, disclosure or transfer. Franchisee is solely responsible for protecting the Franchised Business from computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders. Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures or attacks. Franchisee is also required to use best efforts to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This includes best efforts to secure Franchisee's systems, including, but not limited to, use of firewalls, access code protection, anti-virus systems, and backup systems. In the event of a known or suspected security breach, you agree to notify us promptly and comply with applicable laws and any instructions from us regarding response to the breach.

**8.10.** Late Report Fee. To encourage prompt delivery of all Gross Revenue reports, Customer Data, Certificates of Insurance, and any other reports or records required or that may be requested by Franchisor under this Agreement, Franchisee shall pay, upon demand, for each report or record that Franchisee fails to deliver when due, a late report fee under Section 7.8.

**8.11.** Third Party Information. Franchisee hereby authorizes Franchisor and its agents and representatives to make credit and background checks of Franchisee and Owners, and to make inquiries of Franchisee's bank, suppliers, and trade creditors concerning the Franchised Business ~~and~~. Franchisee hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Franchised Business as Franchisor may request.

**8.12.** Licenses. Franchisee is required to provide to us, within 10 days after you receive them and upon our request, true and correct copies of all state and other licenses related to the Franchised Business and correspondence related to renewals, expirations or denials thereof.

## 9. INSURANCE

**9.1.** Basic Requirements. You must maintain the types and minimum amounts of insurance coverage and bonds we specify for Franchised Businesses, at your own expense. The policies must be written by carriers with an industry rating acceptable to us; must name Franchisor, our affiliates, and their respective officers, directors, shareholders, and employees as additional insureds as we direct; and must not have deductibles, exclusions or co-insurance that are unacceptable to us. Each insurance policy must contain a waiver by the insurance company of subrogation rights against Franchisor, its affiliates, and their successors and assigns. You are required to provide us with evidence of all required insurance coverage and payment of premiums at the times we require. At least thirty (30) days before each insurance policy expires, you are required to furnish a copy of

renewal or replacement insurance and evidence of payment of the premium. Your obligation to obtain coverage is not limited by insurance that we maintain.

**9.2.** Changes. We have the right to increase the amounts of insurance coverage required and to require different or additional kinds of insurance. If you do not have the insurance required by this Agreement, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you agree to reimburse us for the cost of insurance, plus a reasonable fee for our services.

## **10. MARKETING AND ADVERTISING**

**10.1.** Acknowledgments. You acknowledge the importance of standardization of marketing and advertising programs to the goodwill and public image of the System, the Marks, and Franchised Businesses generally. You further acknowledge our rights in this Section to modify advertising, marketing and public relations programs and the manner in which marketing and advertising funds are used from time to time.

**10.2.** Brand Fund. You are required to contribute to the Brand Fund as provided in Section 7.3. The purpose of the Brand Fund is to support general recognition of the Franchised Businesses and the Brand. The Brand Fund will operate as follows:

**10.2.1** We will have the right to direct all advertising, marketing, public relations, and other activities to promote, develop and enhance the Brand, with final discretion over strategic direction, creative concepts, the materials and endorsements to be used, and the geographic market and media placement. We may use the Brand Fund to pay costs and expenses as we determine in our sole discretion, including but not limited to: production of video, audio, written, online and mobile marketing materials; purchasing promotional items; sponsorship of sporting, charitable, or similar events; design, establishment, and maintenance of websites, social media, mobile applications and other electronic marketing; implementation of advertising programs, in-store promotions, direct mail, and media advertising; marketing and sales training; employing advertising agencies; conducting public relations, consumer research, product development, product testing, and test marketing programs; developing and implementing trade dress and design prototypes; fulfillment charges; salaries and expenses of employees of Franchisor and affiliates working for or on behalf of the Brand Fund; fees of accounting firms, design firms, public relations firms, consultants and ad agencies; legal fees for advertising pre-clearance, defense of false advertising claims, and defense of any claims made regarding our administration of the Brand Fund; other administrative costs and overhead incurred in activities related to the administration and activities of the Brand Fund; and interest on any monies borrowed by the Brand Fund.

**10.2.2** We will make available to you any creative materials financed by the Brand Fund. ~~You~~If you request specific materials to be produced or customized for you, then once you approve the requested materials, you agree to pay or to reimburse us for any costs to reproduce the materials and/or to customize the materials for your use.

**10.2.3** We may seek the advice of franchisees by formal or informal means with respect to the creative concepts and media used for programs financed by the Brand Fund. We retain final authority on all programs financed by the Brand Fund. We have the right to incorporate, replace, change or dissolve the Brand Fund. If we decide to dissolve the Brand Fund, contributions to the Brand Fund will stop, but the Brand Fund will continue in existence until all remaining funds have been spent.

**10.2.4** We will not be obligated, in administering the Brand Fund, to make expenditures for you that are equivalent or proportional to your contributions, or to ensure that any particular franchisee or Franchised Business benefits directly or pro rata from expenditures by the Brand Fund. You have no right to reduce or withhold contributions based on any alleged lack of benefits to the Franchised Business or based on failure by any other franchisee (with or without our permission) to make its contributions to the Brand Fund.

**10.2.5** Nothing in this Agreement is intended or will be construed to impose a trust or fiduciary duty on Franchisor in connection with the Brand Fund, including, but not limited to, with respect to the collection of contributions, maintenance of the bank account, bookkeeping, and disbursement of monies from the Brand Fund. Except as expressly provided in this Section 10.2, we assume no direct or indirect liability or obligation to you with respect to maintenance, direction, or administration of the Brand Fund.

**10.3.** Pre-Opening and Grand Opening Marketing. You are required to conduct pre-opening and grand opening marketing for the Franchised Business in accordance with a plan that you will create, subject to our approval. You are required to spend at least the amount specified in the Brand Appendix to implement the pre-opening/grand opening marketing plan. We reserve the right to require you to deposit with us the funds required under this Section, which we will distribute as necessary to carry out the approved plan.

**10.4.** Local Marketing. You are required to spend at least the amount specified in the Brand Appendix for local advertising and promotion of the Franchised Business (“**Local Marketing**”). This is in addition to your obligations under Sections 10.2 and 10.3. We have the right to specify that you pay Local Marketing funds to us, our affiliate, or a third party vendor. We and our affiliates may earn revenue and profits on products or services we provide and may receive rebates, licensing fees, administrative fees, commissions, or other payments on products and services that third party vendors provide. With respect to all Local Marketing funds you pay to a third party, you are required to provide us with monthly Local Marketing expense statements (including receipts supporting the reported expenditures) evidencing compliance with the Local Marketing spend requirements. All Local Marketing is required to be approved by us pursuant to Section 10.6 below. You must be listed in the local Internet based directories and in the Yellow Pages or comparable telephone directory if available, as we designate.

**10.5.** Joint Marketing Programs and Cooperatives. We have the right to organize: (1) co-marketing programs in which Franchised Businesses and vendors (or other third parties) cross-promote each other’s goods and services; (2) joint marketing efforts in which multiple Franchised Businesses contribute to a specific ad or event; and/or (3) local or regional marketing co-operatives (“**Cooperatives**”) that pool funds of Franchised Businesses in a geographic area or with common characteristics on an ongoing basis to jointly promote the Marks and the Franchised Businesses. The amount we require you to spend or contribute to joint marketing programs and/or a Cooperative will be credited to your obligation for Local Marketing under Section 10.4 or, at our option, to your Brand Fund obligation under Section 7.3, or any combination of the two. You are required to participate in each applicable joint marketing program and comply with the rules of the program. If an existing Cooperative is applicable to your Franchised Business at the time it opens, you are required to immediately become a member of the Cooperative. If a Cooperative applicable to the Franchised Business is established during the term of this Agreement, you are required to become a member no later than thirty (30) days after the date we approve for the Cooperative to begin operation. We have the right to designate any geographic area or set of common characteristics for purposes of establishing a Cooperative.

**10.6.** Approval Requirement. All proposed advertising and promotional plans and materials that you intend to use are required to meet our standards and specifications and be submitted to us for approval at least thirty (30) days before their intended use. You are required to use the method(s) we specify to submit materials for approval. You do not have to submit samples of plans or materials that were prepared by us or that we have approved within the last twelve (12) months. Proposed advertising plans or materials are deemed to be disapproved unless we have approved them in writing within fifteen (15) days after your submission of the samples. All advertising and promotion is required to be in the media and of the type and format that we approve, conducted in a dignified manner, and conform to our standards.

**10.7.** Ownership of Advertising and Promotional Materials. You agree that Franchisor owns all copyrights and other rights to all existing and future advertising and promotional materials that contain any of the Marks or that otherwise relate to the Franchised Business, as well as any products, materials, and rights that result from any advertising, marketing, and promotional programs created, purchased, produced or conducted by or on behalf of Franchisee, Franchisor, the Brand Fund, or any Cooperative, regardless of the party that created such materials. No copyrights or other rights or interest in any tangible or intangible materials or in the Marks will vest in Franchisee as a result of any contribution to, or participation in, any advertising, marketing, or promotional program. If, notwithstanding this provision, Franchisee is deemed to have acquired any copyrights, contractual rights or common law rights in any advertising programs or materials, Franchisee shall execute (and shall cause its employees and agents to execute) such documents or instruments as Franchisor requests to effect assignment of such rights to Franchisor or its affiliate.

**10.8.** Solicitation of New Franchisees. We may from time to time develop advertising and promotional materials and displays for the solicitation of franchisees for the Brand. You agree to display all such materials and displays as required by us from time to time.

**10.9.** Media Appearances. You shall not make any television or radio appearance, or make any statement to any public media, in connection with any Franchised Business or the Brand unless you obtain our prior written approval.

**10.10.** Electronic Marketing and Electronic Communications. Unless we have agreed to it in writing, you may not use, register, maintain, or sponsor any website, URL, social media, blog, messaging system, email account, username, text address, mobile application, or other digital, electronic, mobile or Internet presence that uses or displays any of the Marks (or any derivative thereof) or that promotes any products or services of the Franchised Business. The use of any digital or electronic medium constitutes advertising and promotion subject to our approval under Section 10.6. You agree not to post or transmit, or cause any other party to post or transmit, advertisements or solicitations by telephone, e-mail, text message, instant message, website, social media, mobile apps, VoIP, streaming media, or other electronic media that are inconsistent with our brand advertising guidelines and standards. The brand advertising standards may include the use of disclaimers, warnings, and other statements that Franchisor may prescribe. You are responsible for ensuring that your employees ~~do not violate~~understand the policies relating to the use of social media and you are responsible for your employees' use of social media in accordance with such policies. We have the right to require that social media accounts, profiles, pages, and registrations that primarily promote the Marks or the Franchised Business be registered in Franchisor's name. For any such accounts that we permit to be registered in Franchisee's name, you agree to provide us with the current login credentials within five (5) days after opening the account or changing the credentials. You agree that we have the rights to: (i) access any social media accounts to take corrective action if the account or any postings are in violation of our policies; and (ii) take ownership of the accounts on expiration or termination of this Agreement and operate them thereafter as we see fit. We may offer to provide, or may require that you have, a website for your Franchised Business (which may be structured as a separate page of a consumer website(s) supported by the Brand Fund).

## **11. LICENSED MARKS AND COPYRIGHTS**

**11.1.** Identification of the Franchised Business; Public Notice of Independent Status. You are required to operate, advertise, and promote the Franchised Business only under the Marks. In conjunction with any use of the Marks, you are required to conspicuously identify yourself in all dealings with customers, employees, contractors, landlords, vendors, suppliers, reporters, public officials, and others as an independent franchisee operating under authority of this Agreement. You are required to display a prominent notice, in ~~the~~a form that we may prescribe, in the premises of

the Franchised Business and on all business cards, stationery, advertising, signs, [invoices](#)[vehicle wraps](#), and other [public-facing](#) materials, identifying us as the owner of the Marks and stating that you are a licensed user of the Marks.

**11.2.** Your Acknowledgments. You acknowledge that: (a) the Marks are valid and serve to identify the Brand and the Franchised Businesses operating under the System; (b) your use of the Marks under this Agreement does not give you any ownership interest in the Marks; and (c) all goodwill associated with and identified by the Marks belongs exclusively to Franchisor. Upon expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with your activities as a franchisee under the Marks. Both during and after this Agreement, you agree not to contest or aid in contesting the validity or ownership of the Marks or take any action harmful to our rights in the Marks.

**11.3.** Limitations on Use of the Marks. You agree to:

**11.3.1** Use the Marks only for the operation of the Franchised Business within the Territory, for approved activities outside of the Territory, and for approved marketing and advertising for the Franchised Business;

**11.3.2** Use the Marks to promote and to offer for sale only the products and services that we have approved, and not use any Marks in association with the products, materials or services of others [or in any other manner that we have not expressly approved](#);

**11.3.3** Use only the Marks designated by us and use them only in the manner we authorize;

**11.3.4** Comply with our instructions in filing and maintaining any requisite trade name or fictitious name registrations, and sign any documents we deem necessary to obtain protection for the Marks or to maintain their continued validity and enforceability;

**11.3.5** Not independently register or apply for registration of any trademark, service mark, trade name, domain name or electronic identifier relating directly or indirectly to the Marks, anywhere in the world, without our prior written consent. Any such registration or application by you, whether or not authorized by us, will be deemed to be owned by Franchisor and you agree to take such steps, including signing an assignment document, as we may request to confirm our ownership;

**11.3.6** Permit us or our representatives to inspect your operations to assure that you are properly using the Marks;

**11.3.7** Not use the Marks to incur any obligation or indebtedness on our behalf;

**11.3.8** Not use any of the Marks as part of your corporate or legal name, [business organization or trade name, as part of an internet domain name or URL, or in connection with any prefix, suffix or other modifying words, terms, designs or symbols or in any modified form, or as otherwise prohibited in the Brand Appendix](#);

**11.3.9** Not use any of the Marks on any employee forms, employee manuals, employee policies, pay stubs, benefits forms, payroll records, or other employee materials; and

**11.3.10** Ensure that the Marks bear the “®”, “™”, or “SM” symbol, as we prescribe.

**11.4.** Changes to the Marks. We have the right to change, discontinue, or substitute for any of the Marks and to adopt new Marks that you are required to or may use. You agree to implement any such change at your own expense.

**11.5.** Copyrighted Materials. You acknowledge that Franchisor is the owner of certain copyrighted or copyrightable works (the “**Works**”) and that the copyrights in the Works are valuable property. The Works include, but are not limited to, the Brand Standards Manuals, advertisements, promotional materials, signs, Internet sites, mobile applications, vehicle graphics, and facility designs. We authorize you to use the Works on the condition that you comply with all of the terms and conditions of this Section 11. This Agreement does not confer any interest in the Works on you, other than the right to use them in the operation of the Franchised Business in compliance with the terms of this Agreement. If you prepare any adaptation, translation or other work derived from the Works, whether or not authorized by us, you agree that the material will be our property and you hereby assign all your right, title and interest therein to us. You agree to sign any documents we deem necessary to confirm our ownership.

**11.6.** Third-Party Challenges. You agree to notify us promptly of any unauthorized use of the Marks or Works that you suspect or of which you have knowledge. You also agree to inform us promptly of any challenge to the validity of, our ownership of, or our right to license others to use any of the Marks or Works. We have the exclusive right (but no obligation) to initiate, direct and control any litigation or administrative proceeding relating to the Marks and Works, including any settlement. You agree to sign documents and render any other assistance our counsel may deem necessary to protect our interests in the Marks and the Works.

**11.7.** No Representation. Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks or Works.

## **12. BRAND STANDARDS MANUALS**

We will furnish you with one copy of, or electronic access to, the Brand Standards Manuals. We own the copyright in the Brand Standards Manuals and any portions in your possession or control are on loan from us and remain our property. We have the right to modify the Brand Standards Manuals at any time to reflect changes in the Brand Standards. In the event of a dispute about the contents of the Brand Standards Manuals, the master copy at our principal office takes precedence. The Brand Standards Manuals and any credentials necessary to access digital versions of the Brand Standards Manuals are part of the Confidential Information.

## **13. CONFIDENTIAL INFORMATION**

**13.1.** Nondisclosure. You are prohibited, both during and after the term of this Agreement, from communicating or divulging Confidential Information to any unauthorized person and from using Confidential Information for your benefit or for the benefit of any other person, other than for operation of the Franchised Business. You may divulge Confidential Information only: (i) to your employees and agents who must have access in order to carry out their duties relating to the Franchised Business; and (ii) to your contractors and landlord with our prior written approval. All information that we designate as confidential will be deemed to be Confidential Information for purposes of this Agreement.

**13.2.** Individuals Affiliated with the Franchised Business. At our request, the Owners, Key Person, and any employees we designate are required to sign a separate Confidentiality and Non-Compete Agreement in the form of Appendix C to this Agreement. At our request, you are required to use best efforts to obtain signed confidentiality agreements from your landlord, contractors, and any other person outside of your organization to whom you wish to disclose any of our Confidential Information. The confidentiality agreements are required to be in a form satisfactory to us and identify us as a third party beneficiary with the independent right to enforce the agreement.

**13.3.** Improvements. You may not introduce any Improvement into the Franchised Business

without our prior written consent. Any Improvement developed by you or any Owner, employee or agent of Franchisee is the property of Franchisor. At our request, you are required to provide us with information about the Improvement and sign any documents necessary to verify assignment of the Improvement to us, without compensation. We will have the right to use, disclose, and/or license the Improvement for use by others.

## 14. RESTRICTIONS ON COMPETITION

**14.1.** During the Term. The relationship established by this Agreement will provide access to valuable Confidential Information, training, and business opportunities that you and the Owners did not possess before entering into this Agreement. Accordingly, while this Agreement is in effect, except as we otherwise approve in writing, you may not, either directly or indirectly:

**14.1.1** Own, maintain, operate, engage in, invest in, be employed by, provide any assistance to, or have any interest in any “**Competing Business**,” as defined in the Brand Appendix; or

**14.1.2** Appropriate or duplicate any part of the System for a purpose other than to operate the Franchised Business, or divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System.

**14.2.** After Expiration, Termination or Transfer. You agree that you will not, for a period of two (2) years commencing on the date of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final arbitration or court order (after all appeals have been taken) with respect to enforcement of this Section 14.2 to the extent such order is later than the respective foregoing event:

**14.2.1** Own, maintain, operate, engage in, invest in, be employed by, provide assistance to, or have any interest in any Competing Business that is located in or serves customers within (i) the Territory, (ii) forty (40) miles of the Territory, (iii) any zip code where Franchisee’s Franchised Business served customers during the term, (iv) the territory of any other then-existing Franchised Businesses plus the area formed by extending the boundaries of that territory ten (10) miles in all directions, or (v) the territory serviced by any business operated by Franchisor, its affiliates or their licensees under the Marks at such time plus the area formed by extending the boundaries of that territory ten (10) miles in all directions; or

**14.2.2** Appropriate or duplicate any part of the System for a purpose other than to operate a Franchised Business under a valid agreement with us, or divert or attempt to divert any present or prospective business or customer to any Competing Business, or do anything else harmful to the goodwill associated with the Marks and the System.

### **14.3.** Enforcement.

**14.3.1** You acknowledge that a violation of this Section 14 would result in irreparable injury for which no adequate remedy at law may be available. ~~You consent to the issuance of an injunction, without the need to post bond, prohibiting any violation of this Section 14.~~ Injunctive relief is in addition to any other remedies we may have.

**14.3.2** Neither you nor any person bound by the restrictions of this Section 14 may circumvent the restrictions by engaging in prohibited activity indirectly through any other person or entity.

**14.3.3** For the individuals who are bound personally by the restrictions in this Section 14 or by a separate non-competition agreement with you or us, the time period in Section 14.2 will run from the expiration, termination, or transfer of the Franchised Business or from the end of the individual’s relationship with

Franchisee, whichever occurs sooner.

**14.3.4** The time periods in Section 14.2 and Section 14.3.3 will be tolled for any period of time during which Franchisee or the restricted individual is in breach of the section and will resume only when Franchisee or such person begins or resumes compliance.

**14.3.5** The existence of any claim Franchisee or any Owner may have against Franchisor or its affiliates, whether or not arising under this Agreement, shall not constitute a defense to Franchisor's enforcement of the restrictions in this Section 14 or any separate confidentiality or non-competition agreement.

**14.3.6** You represent that Franchisee and each of its Owners possess skills and abilities of a general nature that provide them with other opportunities for employment and, therefore, our enforcement of the restrictions in Sections 14.2 and 14.3.3 will not deprive Franchisee or any of its Owners of their personal goodwill or ability to earn a living through alternative means.

**14.3.7** We have the right to reduce the scope of any restriction in this Section 14, effective immediately upon written notice to Franchisee.

## **15. SALE OR ASSIGNMENT**

**15.1.** No Transfer of Interest without Our Consent. We have entered into this Agreement in reliance on the business skill, financial capacity, and personal character of Franchisee and its Owners. Accordingly, neither Franchisee nor the Owners may sell, assign, give away, pledge, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings) any direct or indirect interest in this Agreement, in the assets of the Franchised Business, or in the equity ownership of Franchisee without obtaining our prior written consent. This section applies to any transfer that would occur by any mechanism, including but not limited to family financial planning, estate planning, [transfer to a trust](#), corporate reorganization, issuance or offering of securities, employee ownership plans, divorce, new marriage, bankruptcy, or receivership. If Franchisee is a corporation, limited liability company, or other business entity, this Section also applies to the transfer of a direct or indirect ownership interest in Franchisee. We can approve or disapprove the proposed transferee in our sole discretion. If we approve the proposed transferee, we can still impose conditions on the transfer. Franchisee and the Owners agree that the conditions in Sections 15.2 through 15.7 below are reasonable and that they do not preclude other conditions that we may impose. Franchisee and the Owners agree to notify us in writing of each proposed transfer, to provide all information and documentation relating to the proposed transfer that we request, and to refrain from completing the transfer until we advise you that all requirements of this Section 15 have been satisfied. If we have not responded within sixty (60) days after receiving all requested information, we will be deemed to have refused consent. We have the right to communicate with and counsel Franchisee, the Owners, and the proposed transferee on any aspect of a proposed transfer. Unless otherwise agreed, we do not waive any claims against the transferring party if we approve the transfer. If we do not approve the transfer, you are required to continue to operate the Franchised Business in accordance with this Agreement.

**15.2.** Transfer of Business. The conditions set forth in this Section apply to a proposed transfer of this Agreement and/or substantially all of the assets of the Franchised Business, as well as to a proposed transfer, alone or together with other previous, simultaneous or proposed transfers, of any direct or indirect equity ownership interest in Franchisee that would result in a change of control of Franchisee or the Franchised Business ("**Change of Control**"). Unless waived by Franchisor, the conditions are:

**15.2.1** Franchisee and the Owners are required to be in compliance with all obligations to us under this Agreement and any other agreement with us and our affiliates as of the date of the request for our approval of the

transfer, or make arrangements satisfactory to us to come into compliance by the date of the transfer.

**15.2.2** The proposed transferee is required to:

(a) Demonstrate to our satisfaction that the proposed transferee and its owners and managers meet all of our then-current qualifications to become a franchisee of the Brand, which may include educational, managerial, and business standards; absence of involvement with Competing Businesses; good moral character, business reputation, and credit rating; and aptitude and ability to operate the Franchised Business. If the proposed transferee is already a franchisee of the Brand, that fact does not guarantee approval to become the operator of the Franchised Business. We have no less discretion with respect to a proposed transferee than we have with granting a new franchise.

(b) At our option, sign our then-current standard form of Franchise Agreement (or the standard form most recently offered to new franchisees) and related documents. The new Franchise Agreement may include new or increased fees and may otherwise differ, without limitation, from the terms of this Agreement.

(c) Require all owners of a beneficial interest in the transferee to sign our then-current form of Personal Guarantee and our other then-current standard documents.

(d) Successfully complete our then-current training requirements.

(e) Make arrangements to modernize and upgrade the Franchised Business, at the transferee's expense, to comply with our then-current Brand Standards.

(f) If the proposed transferee is another franchisee of the Brand, the proposed transferee is required to not have any outstanding notice of default under any agreements with us, have a good record of customer service and compliance with Brand Standards, and sign a general release in a form acceptable to us.

**15.2.3** Franchisee is required to pay us a transfer fee of \$10,000 ("**Transfer Fee**"). If the proposed transferee ~~had been~~was referred to you or us by a third-party (e.g., a broker) with whom we have a referral arrangement, then ~~we must receive~~you or the proposed transferee, as a condition of approval, must pay us an additional fee equal to the amount owed under that referral arrangement. If we identify the prospective purchaser, then in addition to the Transfer Fee, we must receive the greater of: (a) \$15,000; (b) three percent (3%) of the total purchase price; or (c) our actual costs to identify the prospective purchaser. Any amounts paid pursuant to this Section are non-refundable.

**15.2.4** Franchisee and all Owners are required to sign a general release, in a form satisfactory to us, of all claims against us and our past, present and future affiliates, officers, directors, shareholders, agents and employees. Franchisee and the Owners will remain liable to us for all obligations arising before the effective date of the transfer.

**15.2.5** The price and other proposed terms of the transfer must not, in our judgment, have the effect of negatively impacting the future viability of the Franchised Business.

**15.2.6** Any financing incurred in connection with the transfer is required to be expressly subordinated to the transferee's obligations to us.

**15.3.** Transfer of Minority Ownership Interest. For any proposal to admit a new Owner, to remove an existing Owner, to change the distribution of ownership shown on the Data Sheet, or otherwise modify the ownership in a way that would not result in a Change of Control of Franchisee or the Franchised Business, Franchisee is required to give us advance notice and submit a copy of all documents and other information concerning the transfer that we may request. We will have a reasonable time (not less than forty-five (45) days) after we have received all requested

information to evaluate the proposed transfer. We may withhold our consent or give our consent subject to the conditions in Section 15.2 that we deem to be applicable, except that, instead of a transfer fee, we will only charge (i) the applicable, then-current change of ownership fee set by Franchisor from time to time (as of the Agreement Date, it is the greater of \$500 or Franchisor's external (i.e., not in-house) legal and administrative costs); plus (ii) applicable training fees for each new person that we determine needs training. Each proposed new owner is required to submit a personal application and sign a Personal Guarantee and our other then-current standard documents.

**15.4.** Transfer on Death, Incapacity or Bankruptcy. If Franchisee or any Owner dies, becomes incapacitated, or enters bankruptcy proceedings, that person's executor, administrator, personal representative, or trustee is required to apply to us in writing within 3 months after the event for consent to transfer the person's interest. The transfer will be subject to Sections 15.2 through 15.6, as applicable. In addition, if the deceased or incapacitated Owner is the Key Person, we will have the right (but no obligation) to take over operation of the Franchised Business upon giving notice to the executor, administrator, personal representative, or trustee and to manage the Franchised Business until the transfer is completed. If we exercise this right, we can charge a reasonable management fee for our services. For purposes of this Section, "**incapacity**" means any physical or mental infirmity that will prevent the person from performing his or her obligations under this Agreement (i) for a period of thirty (30) or more consecutive days or (ii) for sixty (60) or more total days during a calendar year. In the case of transfer by bequest or by intestate succession, if the heirs or beneficiaries are unable to meet the conditions of Section 15.2, the executor may transfer the decedent's interest to another successor that we have approved, subject to all of the terms and conditions for transfers contained in this Agreement. If an interest is not disposed of under this Section 15.4 within one year after the date of death or appointment of a personal representative or trustee, we can terminate this Agreement under Section 16.1.

**15.5.** Non-Conforming Transfers. Any purported transfer that is not in compliance with this Section 15 is null and void and constitutes a material breach of this Agreement, for which we may terminate this Agreement without opportunity to cure.

**15.6.** Our Right of First Refusal. We have the right, exercisable within thirty (30) days after receipt of the notice of a proposed transfer required by Section 15.1, to send written notice to you that we intend to purchase the interest proposed to be transferred, except that our right of first refusal will not apply if: (i) the sale would not result in a Change of Control; or (ii) the interests would transfer only to the spouse(s) and/or adult children of the Owners. The request for approval of transfer must include a true and complete copy of the term sheet, letter of intent, proposed purchase agreement, assignment document, description of financing or other contingencies, and any other documents we deem necessary to support a prudent business decision on whether to exercise the right of first refusal. We can assign our right of first refusal to someone else either before or after we exercise it.

**15.6.1** If the proposed transfer is a sale, we or our designee may purchase on the same economic terms and conditions offered by the third party. Closing on our purchase must occur within sixty (60) days after the date of our notice to the seller electing to purchase the interest. If we cannot reasonably be expected to furnish the same type of consideration as the third-party, then we may substitute the equivalent in cash. If the parties cannot agree within thirty (30) days on the equivalent in cash, you and we will jointly designate and pay the cost of an independent appraiser, and the appraiser's determination will be final. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. We are entitled to receive, and Franchisee and the Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the capital stock of an incorporated business, as applicable. Any material change in the third party's offer after we have elected not to purchase the seller's interest will constitute a new offer subject to the same right of first refusal as for the third party's initial offer.

**15.6.2** If a transfer is proposed to be made by gift, you and we will jointly designate, at our expense, an independent appraiser to determine the fair market value of the interest proposed to be transferred. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to purchase the interest at the fair market value determined by the appraiser. If we decide to purchase, closing on the purchase will occur within forty-five (45) days after our notice to the transferor of our decision.

**15.6.3** If we elect not to exercise our rights under this Section, the transferor may complete the proposed transfer after complying with Sections 15.1 through 15.4, provided that the final sale price is not less than the price at which we were entitled to purchase. If we determine that the final sale price is less than the price at which we were entitled to purchase, we may refuse to give our consent to the transfer. Closing of the transfer to the third party must occur within sixty (60) days of our election not to exercise our rights. If closing does not occur within the 60-day period, the third party's offer will be treated as a new offer subject to our right of first refusal.

**15.7.** Transfer of Development Agreement. If this Agreement is associated with a Development Agreement and you propose to transfer your rights under the Development Agreement, you are required (unless we otherwise approve) to transfer this Agreement and all other Franchised Businesses developed under the Development Agreement to the same transferee in the same transaction.

**15.8.** Sale or Assignment by Franchisor. We have the right to transfer or assign all or any portion of our rights or obligations under this Agreement to any person or legal entity including the operator of a competing franchise system. The assignee will expressly assume our obligations and become solely responsible for them from the effective date of assignment. We can sell our assets, sell securities in a public offering or in a private placement; merge with, acquire, or be acquired by another company; or undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial restructuring, without restriction and without affecting your obligations under this Agreement.

## **16. DEFAULT AND TERMINATION**

**16.1.** Termination without Cure Period. In addition to any other rights of termination set forth in this Agreement, and subject to applicable law, we will have the right to terminate this Agreement if any of the following events of default occurs, without providing you an opportunity to cure the default, effective immediately upon delivery of written notice to you:

**16.1.1** If you do not have an Approved Location within three (3) months after signing this Agreement;

**16.1.2** If at any time during the pre-opening training program, we conclude in our sole judgment that any person required to attend the pre-opening training program does not possess the skills necessary to properly fulfill and discharge the demands and responsibilities required by the System or this Agreement;

**16.1.3** If you do not open the Franchised Business by the Opening Deadline;

**16.1.4** If you ~~lose~~ (i) cease operating the Franchised Business, which such failure to operate may be inferred from circumstances where it is reasonable to conclude that you have not operated the Franchised Business, including but not limited to your failure to (a) answer the telephone, (b) provide services, and (c) staff the Franchised Business as necessary to perform the services, for three (3) or more consecutive business days without our prior approval, (ii) express your intent to abandon the Franchised Business, or (iii) cease to operate the Franchised Business for any period in circumstances where it is reasonable to conclude that you do not intend to promptly resume operation of the Franchised Business;

**16.1.5** If you lose the right to possession of the Approved Location, or otherwise forfeit the right to do

business in the jurisdiction where the Franchised Business is located. However, if, through no fault of your own, the Franchised Business premises are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then you will have thirty (30) days after that event in which to apply for our approval to relocate and/or reconstruct the Franchised Business;

**16.1.6** If you refuse to permit us to inspect the Franchised Business or your books, records, or accounts as provided herein;

**16.1.7** If you do not comply with the restrictions on competition in Section 14;

**16.1.8** If any transfer of interest in this Agreement, Franchisee, or the Franchised Business occurs that does not comply with Section 15, or if an interest is not disposed of under Section 15.4 within one year after the date of death or appointment of a personal representative or trustee;

**16.1.9** If you knowingly misuse or disclose, or if your negligence results in disclosure, to any unauthorized person any contents of the Brand Standards Manuals or other Confidential Information;

**16.1.10** If you knowingly maintain false or misleading books or records, knowingly underreport sales, or knowingly submit any other false or misleading information to us;

**16.1.11** If you perpetrate common law fraud against us or any customer or supplier of the Franchised Business or knowingly permit any agent or employee of Franchisee to embezzle any funds or property of any customers, Franchisor, Franchisee, or others;

**16.1.12** If Franchisee takes, withholds, misdirects or appropriates for Franchisee's own use any funds withheld from Franchisee's employees' wages for employees' taxes, FICA, insurance, or benefits;

**16.1.13** If Franchisee or any Owner commits or is convicted of, pleads guilty to, or pleads no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe is likely to have an adverse effect on the System, the Marks, or the goodwill associated with them. Once Franchisee or any Owner has been arrested for or formally charged with a serious criminal offense, we will have the right: (i) to require that the individual(s) charged be removed from any active role in the Franchised Business pending final disposition of the charges; and (ii) if the person(s) charged include the Key Person, to take over operation of the Franchised Business and to manage it on your behalf pending final disposition of the charges. If we exercise the right in clause (ii), we may charge a reasonable management fee for our services;

**16.1.14** If Franchisee is insolvent or makes an assignment for the benefit of creditors; if a receiver is appointed for the Franchised Business; if execution is levied against your business assets; if a suit to foreclose any lien or mortgage is filed against you and not dismissed within sixty (60) days; or if your business entity is dissolved;

**16.1.15** If Franchisee or any Owner appears on any government list of "blocked" persons or its assets, property, or interests are "blocked" under any anti-terrorism law or similar law that prohibits us from doing business with Franchisee or the Owner;

**16.1.16** If Franchisee breaches a material provision of this Agreement that is not, by its nature, curable or that goes to the essence of the Agreement;

~~**16.1.17** If you do not achieve the prescribed minimum score or standard on two consecutive assessments or on three or more assessments in any five (5) year period under Section 6.21;~~

**16.1.17** ~~**16.1.18**~~ If you fail to maintain the insurance coverage required by Section 9, or fail to provide satisfactory evidence of insurance to us within forty-eight (48) hours of our request;

~~16.1.18 16.1.19~~ If you fail to attempt to contact a customer within forty-eight (48) hours after receiving a customer complaint, or fail to attempt to resolve to our satisfaction any customer complaint in the manner and within the timeframe set forth in the Brand Standards Manuals and subject to 7.5, and you do not correct such failure within seven (7) days after we deliver written notice to you;

~~16.1.19 16.1.20~~ If ~~you~~ the Designated Franchisee Representatives fail to attend our annual convention for ~~two~~ three (23) consecutive years, unless the Designated Franchisee Representatives have an approved reason for not attending or Franchisee obtains our approval in advance to send a Qualified Substitute (as defined in Section 5.8);

~~16.1.20 16.1.21~~ If the business license for, or any other permit or license required for the operation of, the Franchised Business is suspended or revoked;

~~16.1.21 16.1.22~~ If you fail to conduct and keep records of a satisfactory background check on any employee as may be required by us prior to his/her hire and on a regular basis, and you fail to cure the default within 10 days after we deliver written notice to you;

~~16.1.22 16.1.23~~ If you cure a default after written notice from us and the same default occurs again within one (1) year, whether or not cured after notice; ~~or~~

~~16.1.23 16.1.24~~ If you fail on three (3) or more separate occasions within any period of eighteen (18) months to provide access to and to submit when due reports or other data, information or supporting records, or to pay when due any amounts due to us or otherwise comply with this Agreement, whether or not such failures to comply were corrected after written notice of such failure was delivered to you.

~~16.1.24~~ You misuse or make any unauthorized use of the Marks, engage in any conduct which we reasonably believe threatens to or actually impairs the Marks or our reputation or the goodwill associated therewith, and do not cure such misuse or unauthorized use within twenty-four (24) hours' notice from us; or

~~16.1.25~~ You commit violations of any health, safety, sanitation or other regulatory law, ordinance, standard, practice or regulation or operate the Franchised Business in a manner that presents a health or safety hazard to your employees, customers or the general public.

**16.2.** Termination for Non-Payment. If you fail to pay any monies owed to us, our affiliates or a third party supplier within seven (7) days after receipt of notice of default from us, this Agreement will terminate at the end of the 7-day period without further notice from us.

**16.3.** Termination Following Expiration of Cure Period. Except as provided in Sections 16.1 and 16.2 and elsewhere in this Agreement, we can terminate this Agreement only by giving you written notice of termination stating the nature of the default, at least thirty (30) days before the effective date of termination. If the default is not cured within the thirty (30) day period (or such longer period as applicable law may require) this Agreement will terminate without further notice to you, effective at the end of the cure period. Any material failure to comply with the requirements imposed by this Agreement (as supplemented by the Brand Standards Manuals) will be a default under this Section 16.3.

**16.4.** Cross-Default. We have the right to treat a default under any other agreement that you or anyour affiliate have with us or an-our affiliate as a default under this Agreement, subject to any applicable provisions for notice and cure set forth in the other agreement. For purposes of this section, "**affiliate**" means a person or business entity controlling, controlled by, or under common control with Franchisee or Franchisor, as applicable.

**16.5.** Cross-Guarantee. In the event Franchisee or Franchisee's affiliate now holds or later acquires any interest in a Franchised Business other than the Franchised Business franchised under this Agreement, Franchisee shall unconditionally guarantee full performance and discharge of all of the franchisee's obligations under the franchise agreement for such other Franchised Business, including without limitation the payment of all royalty fees, advertising fees, and other obligations.

**16.6.** Pre-Termination Options of Franchisor. Prior to the termination of this Agreement, if you fail to pay any amounts owed to us or our affiliates or fail to comply with any term of this Agreement, then in addition to any right we may have to terminate this Agreement or to bring a claim for damages, we will have the right to take the actions set out below and continue them until you have cured the default to our satisfaction. The taking of any of the actions permitted in this Section 16.6 will not suspend or release you from any obligation that would otherwise be owed to us or our affiliates under the terms of this Agreement. We may:

**16.6.1** Remove the listing of the Franchised Business from all advertising published or approved by us;

**16.6.2** Prohibit you from attending any meetings or seminars held or sponsored by us or taking place on our premises;

~~**16.6.3** Charge you the default Royalty Fee rate in Section 7.6 of this Agreement;~~

~~**16.6.3**~~ ~~**16.6.4**~~ Suspend access to the Call Center, the Franchisee Portal, and any technology systems we provide ~~to you~~ access to, whether it is our technology or a third-party license; and/or

~~**16.6.4**~~ ~~**16.6.5**~~ Suspend services provided to you by us or our affiliates under this Agreement, including but not limited to inspections, training, marketing assistance, and the sale of products and supplies.

**16.7.** Step In Rights. ~~In addition to our right to terminate this Agreement, and not in lieu of such right, or any other rights we may have against you, upon a failure~~ If you fail to cure any default within the applicable cure period (if any), we have the right, but not the obligation, to ~~enter the Franchised Business premises and exercise complete authority with respect to the operation~~ assume temporary management of the Franchised Business ~~(or designate a third party to exercise authority using our own employees or contractors (which may include other franchisees))~~ until such time as we determine that the default has been cured; and you are otherwise in compliance with this Agreement. ~~This right is in addition to our right to terminate this Agreement, and not in lieu of such right or any other rights we may have against you.~~ If we exercise the rights described in this Section, ~~you are~~ we will be permitted to enter the premises and exercise complete authority with respect to the operation of the Franchised Business. You will be required to pay us (or our designee) a fee of up to \$500 per day and reimburse us (or our designee) for all costs and overhead, if any, incurred in connection with the temporary operation of your Franchised Business, including, without limitation, the costs of our personnel for supervising and staffing the Franchised Business and their travel and lodging. If we undertake to operate the Franchised Business pursuant to this Section, you agree to indemnify and hold us (and our designees and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of our operation of the Franchised Business.

**16.8.** Liquidated Damages. If we terminate this Agreement based on your default, you are required to pay us, as liquidated damages, an amount equal to the greater of: (i) two years of Royalty Fees (calculated as your average Royalty Fees per payment period in the year preceding the termination of this Agreement, multiplied by the number of payment periods occurring in a two-year period); or (ii) \$100,000 (unless a different minimum is stated in the Brand Appendix). The liquidated damages are in addition to costs and expenses that you may owe us under Section 23 (Disputes).

## 17. OBLIGATIONS UPON TERMINATION OR EXPIRATION

**17.1.** Our Rights to Acquire Approved Location and Franchise Assets. Upon expiration or termination of this Agreement under any circumstances, you are required to:

**17.1.1** At our request, assign to us your interest in the lease or sublease for the Approved Location (or provide us with a commercially reasonable lease if you own the Approved Location). If we elect not to exercise our option to acquire the lease, you are required to make modifications or alterations to the Approved Location as necessary to comply with Section 17.2 and to distinguish the Approved Location from that of a Franchised Business.

**17.1.2** At our request, sell to us such of the furnishings, fixtures, vehicles, equipment, and signs of the Franchised Business as we may designate, at fair market value, and such of the inventory and supplies on hand as we may designate, at fair market wholesale value. If the parties cannot agree on the price of any such items within thirty (30) days, we will appoint an independent appraiser, and the appraiser's determination will be final. Franchisor and Franchisee will each pay one-half of the appraiser's fees and costs. We will have thirty (30) days after receipt of the appraiser's determination to decide whether to proceed with the purchase. If we exercise our option to purchase any items, we will have the right to set off any amount due us or our affiliate from you against any payment for the items.

**17.1.3** At our request, provide us with a copy of each customer agreement for the Franchised Business and any related information we request, and provide us with all other information and access necessary for us (or our designee) to continue servicing the customer and related business relationships within three (3) days from our request at no cost to us (since the Customer Data is our property). To this end, each customer agreement must include a clause providing us the unconditional right (but not an obligation) to assume (directly or through a designee) the customer agreement upon the termination or expiration of this Agreement, including all of your rights and obligations thereunder that arise from and after such assumption. Upon the expiration or termination of this Agreement, you agree to facilitate our conversations with customers to ensure an orderly transition of the business operations. You agree to pay over to us (or our designee) any amounts (or a pro rata portion of any amounts) paid to you by your customers for services that you have not yet performed.

We can exercise any or all of our options under Sections 17.1.1, 17.1.2 and 17.1.3: (a) within thirty (30) days after the expiration of the Agreement Term, in the case of expiration of this Agreement; and (b) in the case of termination of this Agreement, at any time between the date of delivery of written notice of termination and thirty (30) days after the effective date of termination (or after the arbitration or court ruling upholding the termination, if termination is contested). We may assign these options to another person or entity. To preserve the value of these options, we may issue to you, and you are required to comply with, written instructions to refrain from, delay, or reverse any of the actions required of you under Section 17.2.

**17.2.** De-identification. Unless we have instructed you otherwise under Section ~~17.1.3~~17.1, upon termination or expiration of this Agreement under any circumstances, you are required to:

**17.2.1** Cease to operate the Franchised Business, withdraw all advertising that can be canceled, remove from the Approved Location and from service vehicles all signs, graphics, and other items that display the Marks, and make any other changes that we request to dissociate yourself, the Approved Location, and the former Franchised Business from the System;

**17.2.2** Either permanently deactivate or, at our request, transfer to us all domain name registrations and other accounts, profiles, pages, usernames, and registrations by which you associate the Franchised Business with the Brand online or in any mobile network or other electronic marketing or communications channel, including but not limited to any social media, blog, messaging system, email domain, listserv, directory, or smart phone app, whether or not we authorized the particular usage or channel. If you do not voluntarily transfer these domain names, accounts, profiles, pages, usernames, and registrations, the registrars and hosts of any such

electronic marketing or communications channels may accept this Agreement as evidence of our exclusive rights in the domain names, accounts, profiles, pages, usernames, and registrations and of our authority to direct their transfer on your behalf. When the domain names, accounts, profiles, pages, usernames, and registrations are transferred, all hosted content will also be transferred to us, including all data housed on the electronic marketing and communications channels as well as all members, friends, contacts and customers who are linked to the accounts or sites;

**17.2.3** Cease to use the Confidential Information (including the Brand Standards Manuals, Customer Data and Business Data), the Marks, the Works, and all other distinctive elements associated with the System, and return all materials in your possession or control, in any medium, that contain Confidential Information, bear any of the Marks, or constitute Works;

**17.2.4** Cancel any assumed name registration that contains any element or variation of the Marks, and furnish evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement;

**17.2.5** Cease using the telephone number(s) of the Franchised Business, notify your telephone company and all listing agencies of the termination of your right to use the telephone numbers and listings for the Franchised Business, and transfer those number(s) and listings to us or our designee. If you do not voluntarily transfer these numbers and listings, we will present the signed copy of Appendix D to the telephone company and all listing agencies as evidence of our exclusive rights in the telephone numbers and directory listings and of our authority to direct their transfer on your behalf;

**17.2.6** Return to customers (or if we request, to us) all items, including keys, in your possession which relate to that particular customer;

**17.2.7** Not directly or indirectly represent yourself to the public or hold yourself out as a present or former franchisee of the Brand; and

**17.2.8** Not use any reproduction, counterfeit, copy, or colorable imitation of the Marks or the Works in connection with any other business that, in our opinion, is likely to cause confusion, mistake, or deception or to dilute our and/or our affiliates' rights in and to the Marks and the Works. You must not use any designation of origin or description or representation that falsely suggests or represents an association or connection with us.

You hereby appoint us as your attorney-in-fact to carry out the requirements of this Section 17.2 if you fail to do so within a reasonable time, which need not be more than fifteen (15) days. You agree that we will have the right to enter the Approved Location and to contact your landlord and other third parties to make any required changes that you fail to make. You agree to reimburse us on demand for any costs that we incur to carry out your obligations.

**17.3.** Continuing Obligations. After termination or expiration of this Agreement under any circumstances, you will remain liable to us for certain obligations. Among other things, you are required to:

**17.3.1** Promptly pay all sums owing to us and our affiliates;

**17.3.2** Permit access to and examination of books and records as provided in Section 8 to determine any amounts due;

**17.3.3** Protect the Confidential Information as provided in Section 13;

**17.3.4** Comply with the post-term restrictions on competition in Sections 14.2 and 14.3; and

17.3.5 Indemnify us as provided in Section 20.

## 18. BUSINESS ENTITY REQUIREMENTS

**18.1. Ownership Information.** Franchisee and each Owner represents and warrants that the ownership information on the Data Sheet is correct and complete as of the Agreement Date and will not be changed without first obtaining our consent as required by Section 15. You are required to maintain a current list of all stockholders, general partners, limited partners, members, or other direct and indirect beneficial owners (as applicable) and furnish the list to us upon request. If any Owner is a business entity, you are required to provide all information we request concerning that business entity and its owners. Every individual or entity that owns a direct or indirect equity interest of 5% or greater in Franchisee is required to guarantee Franchisee's performance of this Agreement by executing the Personal Guarantee attached to this Agreement.

**18.2. Governing Documents.** At our request, you are required to furnish us with copies of Franchisee's articles of incorporation, bylaws, partnership agreement, certificate of formation, limited liability company operating agreement, stock certificates, corporate minutes, or other governing documents, as applicable. You are required to give us at least thirty (30) days prior written notice of any proposed amendments to your governing documents. Your governing documents must provide at all times that your activities are confined exclusively to developing and operating Franchised Businesses. If any controlling Owner is a business entity, you are required to provide similar information concerning that business entity as we may request.

**18.3. Control Arrangements.** Any voting trust, management agreement, or other arrangement affecting the power to direct and control the affairs of Franchisee requires our prior written consent. You are required to furnish any information and documentation that we may request concerning a proposed control arrangement.

**18.4. No Use of Marks in Corporate or Legal Name.** Without limiting any of the requirements in Section 11.3 above, you may not use any of the Marks as part of your corporate or legal name.

## 19. RENEWAL

**19.1. Renewal Term and Conditions.** ~~You~~ Upon expiration of this Agreement, you will have the option to continue the franchise relationship for one (1) additional term of ten (10) years, subject to this Section. We will require you to satisfy the following requirements as a condition of renewing the franchise relationship with us:

**19.1.1** You are required to give us written notice of your desire to renew not less than six (6) months and not more than twelve (12) months before the Expiration Date;

**19.1.2** You must not be in default of this Agreement or any other agreement with us, our affiliates, or our approved vendors at the time you give the notice in Section 19.1 or during the remainder of the expiring term;

**19.1.3** You are required to have a good record of customer service and of compliance with Brand Standards and your contractual obligations to us;

**19.1.4** You are required to be on good terms with us, including but not limited to having a good working relationship for day-to-day operations and not being in litigation or other adversarial legal proceedings with us;

**19.1.5** At our option, you will sign the then-current franchise agreement being offered to new

franchisees of the Brand, except that we may or may not include a further renewal option (the “**Successor Franchise Agreement**”). The terms of the Successor Franchise Agreement may differ substantially from the terms of this Agreement, including increased fees, new fees, reconfiguration of the Territory, and higher Minimum Performance Requirements. Personal guarantees will be required per our then-current policy and our other standard documents will be required;

**19.1.6** You are required to pay us the renewal fee specified in the Brand Appendix;

**19.1.7** Franchisee and all Owners are required to sign a general release, in a form we prescribe, of any and all claims against us, our affiliates, and our officers, directors, shareholders and employees;

**19.1.8** The Key Person and any employees we designate are required to successfully complete any additional or refresher training courses that we may require;

**19.1.9** You are required to demonstrate that you have the right to remain in possession of the Approved Location for the full renewal term;

**19.1.10** You are required to remodel, refurbish, renovate (including without limitation, as to any upgrading or refurbishing of vehicles used in the Franchised Business as may be requested by us) and/or re-equip the Franchised Business and premises to conform to our then-current Brand Standards for new Franchised Businesses before the end of the expiring term or obtain our approval of arrangements to complete the work on a schedule satisfactory to us; and

**19.1.11** The computer system and vehicle(s) used in operation of the Franchised Business must be upgraded as necessary to meet our then-current Brand Standards.

**19.2.** Your Failure to Act. Your failure to give timely notice of your desire to renew will be deemed an election to decline the option in Section 19.1. IN FRANCHISOR’S SOLE DETERMINATION, FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO CONTINUE THE FRANCHISE RELATIONSHIP IF FRANCHISEE FAILS TO SIGN AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN THIRTY (30) DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 19.

**19.3.** Holding Over. If Franchisee does not sign a Successor Franchise Agreement by the Expiration Date and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the Expiration Date, with Franchisee then operating without a franchise to do so and in violation of Franchisor’s rights; or (ii) continued on a month-to-month basis (“**Interim Period**”) until one party provides the other with written notice of such party’s intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

## **20. INDEMNIFICATION**

You agree to indemnify Franchisor, its affiliates, and their respective past, present, and future officers, directors, shareholders, employees, and agents (collectively, “**Protected Parties**”) for, and at our option defend the Protected Parties against: (i) any claims (whether or not by a third party) arising directly or indirectly from, as a result of, or in connection with your activities under this Agreement (collectively, “**Claims**”); and (ii) any

liabilities, damages, losses, and expenses the Protected Parties incur as a result of such Claims, including but not limited to attorneys' fees, costs of investigation, settlement costs, fines, civil penalties, and interest charges (collectively, "**Expenses**"). To the extent permitted by law, this indemnity includes Claims and Expenses alleged to be caused by the negligence of the Protected Parties, unless (and then only to the extent that) the Claim or Expense is finally determined by a court to have been caused solely by the gross negligence or willful misconduct of the Protected Parties. With respect to any threatened or actual litigation, proceeding, or dispute that could directly or indirectly affect any of the Protected Parties, the Protected Parties will have the right, but no obligation, to: (i) choose counsel; (ii) direct, manage, and control the handling of the matter; and (iii) settle any Claim on behalf of the Protected Parties. Your obligations under this Section are not limited by the amount of your insurance coverage. This Section will survive the expiration or termination of this Agreement.

## 21. NOTICES

All notices related to this Agreement are required to be in writing and are required to be delivered in person or sent by certified mail, by national commercial delivery service, or by other written or electronic means which affords the sender reliable evidence of delivery or attempted delivery, to the address shown in the Data Sheet, in the case of Franchisee, or to Authority Brands, Inc., 7120 Samuel Morse Drive, Suite 300, Columbia, MD 21046, Attn: Legal Department, in the case of Franchisor, unless and until a different address has been designated by written notice to the other party. For the avoidance of doubt, our delivery of notice to the business email address that we have on file for you will constitute effective notice unless we receive a non-delivery message. This Section does not apply to changes to the Brand Standards Manuals or any written instructions that we furnish to you relating to operational matters.

## 22. GENERAL PROVISIONS

**22.1. Notice of Suit.** You are required to notify us promptly of any legal proceeding or any order of a court or government agency that may adversely affect the operation or financial condition of the Franchised Business.

**22.2. Independent Contractor.** Nothing in this Agreement is intended to make Franchisor or Franchisee an agent, legal representative, subsidiary, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between you and us. Nothing in this Agreement authorizes you to make any contract, agreement, warranty, or representation on our behalf or to incur any debt or other obligation in our name. We will not assume liability for any such action or for your acts or omissions or any claim or judgment against you. You are required to hold yourself out to the public as an independent contractor operating under this Agreement.

**22.3. ~~Public Notice of Independent Status. Franchisee is required to conspicuously identify itself by its own company name in all dealings with customers, landlords, vendors, contractors, reporters, public officials, and employees and on all business cards, stationery, advertising, payroll forms, purchase orders and other materials~~ Required Use of Legal Name. All legal documents, contracts, invoices, payroll forms, purchase orders, filings, permits, licenses, and other materials between Franchisee and customers, employees, contractors, landlords, vendors, suppliers, government agencies, and other third parties must identify Franchisee by its own company or legal name and, if the document requires a signature, be signed by Franchisee in its own company or legal name.**

**22.4. Severability.** If a court or government agency determines that any provision of this Agreement is invalid or contrary to applicable law, the invalidity will not impair the operation of any other provision of this Agreement that remains otherwise intelligible. The latter will continue to be given full force and effect and the invalid provision(s) will be deemed not to be a part of this Agreement.

**22.5.** No Implied Waiver. No failure to exercise any right reserved to us in this Agreement or to insist on your strict compliance with any obligation or condition in this Agreement, and no custom or practice of the parties, will constitute a waiver of our right to exercise any right or to demand your compliance with this Agreement. Our waiver of any particular default will not affect or impair our rights with respect to any subsequent default. Our delay or forbearance in exercising any right arising out of your breach or default will not prevent us from exercising the right, declaring any subsequent breach or default, or terminating this Agreement.

**22.6.** No Implied Third Party Beneficiaries. Nothing in this Agreement is intended to confer any rights or remedies on any person or legal entity other than Franchisee and us.

**22.7.** No Implied Consent. Whenever this Agreement requires our prior approval or consent, you are required to make a timely written request, and the approval or consent must be obtained in writing and signed by one of our officers. We make no warranties or guarantees ~~upon which you may rely~~ and assume no liability or obligation to you by providing any waiver, approval, consent or suggestion in connection with this Agreement.

**22.8.** Survival of Obligations. All obligations which expressly or by reasonable implication are to be performed, in whole or in part, after the expiration, termination, or assignment of this Agreement will survive expiration, termination, or assignment.

**22.9.** Our Business Judgment. Except as otherwise expressly provided in this Agreement, whenever we exercise a right and/or discretion to take or withhold an action, we can make our decision or exercise our discretion based on our judgment of what is in the best interests of the Brand at the time, even though (a) there may have been alternative decisions or actions that could have been taken; (b) our decision or the action taken promotes our own financial interest; or (c) our decision or the action may apply differently to different franchisees. In the absence of an applicable statute, we will have no liability to you for any such decision or action. If applicable law implies a duty of good faith and fair dealing in this Agreement, we and you agree that the duty does not encompass any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

**22.10.** Relationship to Other Businesses of Franchisor and its Affiliates. In fulfilling its obligations to Franchisee, and in conducting any activities or exercising any rights pursuant to this Agreement, Franchisor has the right: (i) to take into account, as it sees fit, the effect on, and the interests of, other businesses in which Franchisor and its affiliates have an interest, and on Franchisor's (and its affiliates') own activities; (ii) to share market and product research, and other proprietary and non-proprietary business information, with Franchisor's affiliates and the businesses in which they have an interest; and/or (iii) to introduce products, processes, or operational equipment used by the System into the franchised systems of Franchisor's affiliates, and to allocate new products and/or developments between and among the franchised systems, as Franchisor and its affiliates see fit. Franchisee understands and agrees that all obligations of Franchisor under this Agreement are subject to this section, and that nothing in this section shall affect in any way Franchisee's obligations under this Agreement.

**22.11.** Right to Information. You consent to us obtaining, using and disclosing to third parties (including, without limitation, prospective franchisees, financial institutions, legal and financial advisors), for any purpose whatsoever or as may be required by law, any financial or other information contained in or resulting from information, data, materials, statements and reports received by us or our affiliates (or disclosed to us or our affiliates) in accordance with this Agreement.

**22.12.** Entire Agreement. This Agreement and its Appendices constitute the entire agreement

between Franchisor and Franchisee and the Owners concerning the Franchised Business. It supersedes all prior agreements, negotiations, representations, and correspondence concerning the same subject matter, except that nothing in this Agreement is intended to disclaim any representations made in any Franchise Disclosure Document that you received from us in connection with this Agreement. No amendment, change, or variance from this Agreement will be binding unless agreed to in writing and signed by authorized representatives of each party.

~~22.13. — Amendment of Prior Agreements. In order to enhance consistency and quality of operation, performance, dispute resolution and other matters, we amend our standard Franchise Agreement from time to time. As a result, this Agreement may be different from other Brand franchise agreements that Franchisee or Franchisee's affiliates may have signed in the past and may contain revised provisions regarding, among other things, modifications to the System, manner of payment of fees and late fees, duties of franchisee, protection of trademarks, status and protection of Manuals and Confidential Information, technology requirements, advertising, insurance, accounting and records, transfers, default and termination, obligations on termination, franchisee covenants, taxes, indemnification, obligations to defend, approvals and waivers, notices, construction of agreement and applicable law. To cooperate with us in the achievement of these goals and as a condition of the grant of an additional franchise, Franchisee agrees that all of Franchisee's or its affiliates' existing Brand franchise agreements with Franchisor or its affiliates are amended to match the provisions of this Agreement (if the existing franchise agreements do not already include these provisions), except with respect to the royalty fee rate, required marketing contributions and spending, other fees for which amounts are specified, territory description, Approved Location, contract term, renewal conditions, and transfer conditions set out in the prior agreements, which will remain unchanged. FRANCHISEE ACKNOWLEDGES THAT THIS SECTION AMENDS ALL OF FRANCHISEE'S EXISTING FRANCHISE AGREEMENTS WITH FRANCHISOR AND THAT THE AMENDMENT WILL SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT.~~

~~22.14. — Material Modification — for California Locations Only. If Franchisee or Franchisee's affiliates previously entered into one or more franchise agreements with Franchisor for a Franchised Business in California, Section 22.13 may constitute a material modification of those existing franchise agreements under California law. If that is the case, and if Franchisee notifies Franchisor in writing within five (5) business days after signing this Agreement that Franchisee (or Franchisee's affiliate, as applicable) rescinds this modification of the existing franchise agreement(s) for the Franchised Business in California, this Franchise Agreement will be null and void and Franchisee will not have the right to develop a Franchised Business under this Franchise Agreement.~~

~~22.13.~~ ~~22.15.~~ Counterparts. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed to be an original. Any signature by electronic signature, facsimile or scanned PDF shall be deemed an original signature. This Agreement shall be effective only upon the receipt of countersignature by us.

## 23. DISPUTES

**23.1. Governing Law.** This Agreement and the relationship between Franchisor and Franchisee and the Owners is governed by the laws of the State of Maryland, except that if a provision of this Agreement would not be enforceable under the laws of Maryland, and if the Franchised Business is located outside of Maryland and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision will be governed by the laws of the state in which the Franchised Business is located. In the event of any conflict of law question, the ~~laws of Maryland~~law applicable under this section will prevail, without regard to the application of Maryland conflict-of-law rules. This Section 23.1 is not

intended to subject this Agreement or our relationship with you to any Maryland statute or regulation that would not apply by its own terms without considering this Section.

**23.2. Mandatory Arbitration.** ~~Except as set forth in Sections 23.3 and 23.4 below and in subsection 23.2.5, any claim or dispute arising out of or relating to this Agreement (including but not limited to any claim that the Agreement or any of its provisions is invalid, illegal, or otherwise voidable or void), the relationship between you, your owners and affiliates and us or our affiliates, or your operation of the Franchised Business, shall be submitted to JAMS for mandatory, final and binding arbitration. The arbitration will be conducted in accordance with the Federal Arbitration Act, 9 U.S.C., Section 1, *et seq.*, and the commercial arbitration rules of JAMS in effect at the time of filing of the demand for arbitration (the "**JAMS Rules**"), except as the JAMS Rules may be modified by the following:~~ EXCEPT AS SET FORTH IN SECTIONS 23.3 AND 23.4 BELOW AND IN SUBSECTION 23.2.5, ANY CLAIM OR DISPUTE ARISING OUT OF OR RELATING TO THIS AGREEMENT (INCLUDING BUT NOT LIMITED TO ANY CLAIM THAT THE AGREEMENT OR ANY OF ITS PROVISIONS IS INVALID, ILLEGAL, OR OTHERWISE VOIDABLE OR VOID), THE RELATIONSHIP BETWEEN YOU, YOUR OWNERS AND AFFILIATES AND US OR OUR AFFILIATES, OR YOUR OPERATION OF THE FRANCHISED BUSINESS, SHALL BE SUBMITTED TO JAMS FOR MANDATORY, FINAL AND BINDING ARBITRATION. THE ARBITRATION WILL BE CONDUCTED IN ACCORDANCE WITH THE FEDERAL ARBITRATION ACT, 9 U.S.C., SECTION 1, *ET SEQ.*, AND THE COMMERCIAL ARBITRATION RULES OF JAMS IN EFFECT AT THE TIME OF FILING OF THE DEMAND FOR ARBITRATION (THE "**JAMS RULES**"), EXCEPT AS THE JAMS RULES MAY BE MODIFIED BY THE FOLLOWING:

**23.2.1** The seat of arbitration will be the JAMS office closest to Columbia, Maryland, and all arbitration hearings shall take place at that office. We have the right to designate headquarters for the Brand at a location other than Columbia, Maryland and to substitute that location for Columbia, Maryland for purposes of this section.

**23.2.2** The arbitration will be conducted, heard and decided by one (1) arbitrator ("**Arbitrator**") who is mutually agreeable to the parties. If the parties have not agreed on the Arbitrator within thirty (30) days after filing of the arbitration demand with JAMS, the Arbitrator shall be appointed in accordance with the JAMS Rules.

**23.2.3** The Arbitrator shall not entertain or permit any class or consolidated proceeding.

**23.2.4** The administrative fees of JAMS and the Arbitrator's fees will be split equally between Franchisor and Franchisee.

**23.2.5** If either party fails to pay its share of any fee required by JAMS to proceed with administration of the arbitration, and if the other party has paid its own share of the fee, the Arbitrator shall enter a default judgment in favor of the latter party. If an Arbitrator has not yet been appointed at the time of the non-payment of the required fee, the party that has paid its own share of the fee shall have the option to have a default judgment entered in its favor or to proceed in court on the claims submitted to arbitration.

**23.2.6** The Arbitrator will not have the authority to add to, delete, or modify the terms of this Agreement. All findings, judgments, decisions and awards of the Arbitrator will be limited to the claims set forth in the arbitration demand and any counterclaims, as they may be amended, and the Arbitrator will not have the authority to decide any other claims. The Arbitrator will have the power to decide any or all of the issues, claims and defenses presented in the arbitration through summary judgment, summary disposition, or dismissal proceedings without a full evidentiary hearing or witness testimony, as long as all parties are permitted to submit memoranda and affidavits and have oral argument, either in person or by telephone, if the Arbitrator determines that oral argument would assist in the decision making process. The Arbitrator will not have the right or

authority to award punitive damages to any party. All findings, judgments, decisions and awards by the Arbitrator will be in writing and will be made within sixty (60) days after the arbitration hearings have been completed, and will be final and binding on all parties in the arbitration.

**23.2.7** The written decision of the Arbitrator will be deemed to be an order, judgment and decree and may be entered as such in any court of competent jurisdiction.

**23.2.8** The decision of the Arbitrator will have no collateral estoppel effect with respect to a controversy with any person or entity who is not a party to the arbitration proceeding.

**23.3.** Provisional or Declaratory Relief. Nothing in Section 23.2 or elsewhere in this Agreement prohibits Franchisor's right to seek a restraining order, preliminary injunction, specific performance or declaratory relief in court, under the applicable court rules, against conduct or threatened conduct for which no adequate remedy at law may be available or which Franchisor believes may cause Franchisor irreparable harm. Franchisor may have such relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law. Franchisee and each of its Owners acknowledges that any violation of (without limitation) Sections 11, 12, 13, 14, 15 or 17 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available. Accordingly, Franchisee and each of its Owners consents to the issuance of an injunction at Franchisor's request (without posting a bond or other security) prohibiting any conduct in violation of any of those Sections. Franchisee's sole remedy in the event of the entry of specific performance or injunction order will be the dissolution of the order, if warranted (all claims for damages by reason of the wrongful issuance of any such order being expressly waived by Franchisee). Franchisee agrees that the existence of any claims Franchisee or any of its Owners may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement of Sections 11, 12, 13, 14, 15 or 17.

**23.4.** Disputes Not Subject to Mandatory Arbitration. Notwithstanding Section 23.2, Franchisor shall have the option to submit to a court any of the following actions: to collect fees due under this Agreement; for injunctive or other relief as described in Section 23.3; to protect our intellectual property, including the Marks, Confidential Information, and trade secrets; to terminate this Agreement for a default; and to enforce the post-term obligations in Section 17 of this Agreement. Notwithstanding anything in this Agreement, in the JAMS Rules, or any provision of law, the determination of whether a dispute or controversy filed in a court is subject to arbitration shall be made by the court, not by an arbitrator.

**23.5.** Time Limit on Filing. Except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Franchisor or from performance or non-performance of Franchisee's obligations arising upon expiration or termination of this Agreement, any claim or action arising out of or relating to this Agreement or the relationship between us and Franchisee and the Owners will be barred unless submitted to arbitration or filed in court and served within two (2) years from the date the complaining party knew or should have known of the facts giving rise to such claim.

**23.6.** Venue for Litigation. Franchisee and the Owners are required to file any lawsuit against us only in the federal district court for the district encompassing Columbia, Maryland (or in the closest state court to Columbia, Maryland, if the federal court lacks subject matter jurisdiction). We may file a lawsuit against Franchisee or the Owners in the federal or state court for Columbia, Maryland or in the federal or state court where the Franchised Business is located. We have the right to designate headquarters for the Brand at a location other than Columbia, Maryland and to substitute that location for Columbia, Maryland for purposes of this section. The parties irrevocably submit to the jurisdiction of such courts and waive all objections to personal jurisdiction and venue for purposes of carrying out this provision.

**23.7.** Waiver of Jury Trial. We, you, and the Owners irrevocably waive trial by jury in any action, proceeding, or counterclaim.

**23.8.** Waiver of Exemplary Damages. Franchisee and the Owners, on the one hand, and Franchisor on the other, waive any right to or claim of punitive or exemplary damages against the other, except that we do not waive our right to: (i) statutory, punitive or exemplary damages for violation of the Lanham Act, trademark infringement or dilution, or unauthorized disclosure of confidential information or trade secrets; or (ii) indemnification from Franchisee under Section 20 for any such damages claimed or awarded against Protected Parties.

**23.9.** Class Action Waiver. TO THE EXTENT PERMITTED BY LAW, FRANCHISEE AND THE OWNERS WAIVE THE RIGHT TO SEEK CERTIFICATION OF A CLASS IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM AGAINST US.

**23.10.** Costs and Legal Fees. In connection with any failure by Franchisee to comply with this Agreement, regardless of whether there is any legal proceeding to enforce the terms of this Agreement, Franchisee will reimburse Franchisor, upon demand, for the costs and expenses incurred by Franchisor as a result of such failure and Franchisor's enforcement of the terms of this Agreement. Franchisor's costs and expenses include, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel expenses. If Franchisee initiates a legal proceeding against Franchisor, and if Franchisee does not prevail in obtaining the relief Franchisee was seeking in such legal proceedings, then Franchisee will reimburse Franchisor for the costs and expenses incurred by Franchisor as a result of such legal proceedings, including, without limitation, accountants', attorneys', attorneys' assistants and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel expenses, whether incurred prior to, in preparation for, in contemplation of, or in connection with such legal proceedings. However, in case of any conflict between this Section and Section 23.2.4 or 23.2.7 above, Section 23.2.4 or 23.2.7 will take precedence. This section will survive termination or expiration of this Agreement.

**23.11.** Remedies are Cumulative. Except as otherwise provided in this Section 23, no right or remedy under this Agreement is exclusive of any other right or remedy.

*[\[Signature page follows\]](#)*

[SIGNATURE PAGE TO FRANCHISE AGREEMENT](#)~~23.12.~~FRANCHISOR:

SCREENMOBILE FRANCHISING SPE LLC

FRANCHISEE:

[PRINT NAME OF COMPANY]

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PERSONAL GUARANTEE**

As an inducement to Screenmobile Franchising SPE LLC (“**Franchisor**”) to sign a Franchise Agreement (the “**Agreement**”) with \_\_\_\_\_ (“**Franchisee**”), the undersigned individuals (collectively, the “**Guarantors**”), jointly and severally, unconditionally guarantee to Franchisor, its affiliates, and their successors and assigns (collectively, the “**Franchisor Group**”) that all of Franchisee’s obligations under the Agreement and under other agreements or arrangements between Franchisee and the Franchisor Group will be punctually paid and performed.

1. Guarantee. Upon demand by Franchisor, the Guarantors will immediately make each contribution or payment required of Franchisee under the Agreement and under other agreements or arrangements between Franchisee and the Franchisor Group. Each Guarantor waives any right to require the Franchisor Group to: (a) proceed against Franchisee or any other Guarantor for any contribution or payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee or any other Guarantor; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee or any other Guarantor. Without affecting the obligations of the Guarantors under this Guarantee, the Franchisor Group may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The Guarantors waive notice of amendment of the Agreement and notice of demand for contribution or payment and agree to be bound by any and all such amendments and changes to the Agreement.

2. Indemnity. The Guarantors agree to hold harmless, defend and indemnify the Franchisor Group against any and all losses, damages, liabilities, costs, and expenses (including attorneys’ fees, costs of investigation, court costs, and arbitration fees and expenses) arising out of or in connection with any failure by Franchisee to perform any obligation under the Agreement or any other agreement between Franchisee and the Franchisor Group.

3. Other Personal Obligations. The Guarantors agree to be bound personally by all obligations of the Franchisee in the Agreement, including but not limited to non-compete restrictions, confidentiality provisions, governing law and dispute resolution provisions, and restrictions on sale or transfer of interest in Franchisee or the Franchised Business. Except as expressly authorized by the Agreement, the Guarantors may not make use of any of the intellectual property rights licensed under the Agreement. The Guarantors may not disclose to any third party or make use of any trade secrets, know-how, systems or methods of which Guarantors may acquire knowledge by virtue of training they may have received from Franchisor, their involvement in the business, or their ownership interest in Franchisee.

4. Survival of Obligations. Upon the death of a Guarantor, the Guarantor’s estate will be bound by this Guarantee, but only for obligations existing at the time of death. The obligations of the surviving Guarantors will continue in full force and effect.

**GUARANTOR:**

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**GUARANTOR:**

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

PERSONAL GUARANTEE

*[This document is to be used when: (a) a married individual signs a Franchise Agreement, personal guarantee, or other agreement containing financial obligations to us; and (b) that individual's spouse is NOT also signing the same agreements.]*

**SPOUSE ACKNOWLEDGMENT**

My name is \_\_\_\_\_.

I am the spouse of \_\_\_\_\_.

I am aware that:

- my spouse is investing in a SCREENMOBILE franchise;
- in connection with the franchise, my spouse is signing a Franchise Agreement, personal guarantee, and/or other documents that involve financial obligations to Screenmobile Franchising SPE LLC and its affiliates (the “**Franchise Documents**”); and
- Screenmobile Franchising SPE LLC and its affiliates are relying on all assets of my spouse, including jointly owned marital property, in accepting my spouse’s obligations under the Franchise Documents.

I understand the financial obligations undertaken by my spouse in connection with the franchise, and that the Franchise Documents are being signed for the benefit of, and will be binding on, my marital community.

I understand that this Spouse Acknowledgment does not subject my separate, non-marital property to my spouse’s financial obligations under the Franchise Documents.

I understand that my spouse is bound personally by the following provisions of the Franchise Agreement, and I agree to be bound by them as well: (i) the confidentiality and non-disclosure covenants in Section 13; (ii) the non-competition covenants in 14; and (iii) the governing law and dispute resolution provisions in Section 23.

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

SPOUSE ACKNOWLEDGEMENT

SPOUSE ACKNOWLEDGEMENT

Screenmobile - Franchise Agreement  
[Franchise ID - Entity Name or Individual Last Name- City, State]

April ~~2023~~2024



\_\_\_\_\_            %

List the following below: (a) for a corporation, all Officers and Board Directors; or (b) for a limited liability company, all Managers and/or Members.

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_

Name: \_\_\_\_\_ Position: \_\_\_\_\_

---

APPENDIX A – DATA SHEET

Section 2.4

Territory  
Infringement Fee

First violation

\$1,000 plus the  
invoice amount for  
the services  
performed

Second  
violation and  
subsequent  
violations

\$5,000 plus the  
invoice amount for  
the services  
performed

The total violations count is  
cumulative regardless of where and  
when the violations occur. We reserve  
the right to increase the fee.

**APPENDIX B**  
**TO**  
**FRANCHISE**  
**AGREEMENT**  
**BRAND**  
**APPENDIX**  
**SCREENMOBILE**

The Franchised Business offers residential and commercial window, patio, and door screens and repairs, as well as other related services that we may specify.

SECTION REFERENCE	SUBJECT	APPLICABLE TERM
Section 3	Expiration Date	Tenth (10 <sup>th</sup> ) Anniversary of the Agreement Date
Section 4.1	Business Outfitting Fees	Start-up Package: <del>\$41,900</del> <u>42,500</u>
Section 5.8	Non-Attendance Fee	<u>\$500 for the first missed annual conference (may also be referred to as an “annual convention”) and then \$2,000 for any annual conference missed consecutively thereafter</u> <del>\$2,000 for missing the annual meeting;</del> <u>\$1,500 for missing a regional conference: (may also be referred to as a “regional convention”)</u>
Section 6.6	Call Center Fee	Not Applicable as of Agreement Date. However, we can establish a Call Center Fee on 30 days’ notice to you.
Section 6.10	Sourcing	If a contract with a national vendor requires us to pay fees to the vendor, you agree to pay us your pro rata share, based on the number of participating franchisees.
Section 6.18	Customer Warranty or Guarantee	See Brand Standards Manuals

The Franchised Business is required to attain or exceed the following quotas for Gross Revenue (the “**Minimum Performance Requirements**”):

	Time Period Following Original Opening Date	Minimum C 12-Mo
Section 6.19 Minimum Performance Requirements	Months 1 to 12	\$
	Months 13 to 24	\$

APPENDIX B – BRAND APPENDIX

Months 25 to 36 \$:

Months 37+ \$:

“**Original Opening Date**” means the date on which the Franchisee or any prior owner or predecessor operator of the Franchised Business first opened the Franchised Business.

Minimum Performance Requirements are not meant to be, ~~and you may not rely on them as,~~ a representation or guarantee of the results that your Franchised Business or any particular Franchised Business will or might achieve. The Minimum Performance Requirements do not predict or project your revenue or other business results.

Section 6.22	Brand Programs	Not Applicable as of Agreement Date
Section 6.26	Legal/Regulatory Requirements	The Franchised Business will be subject to licensing laws, which vary by state and sometimes by county or municipality. It is your responsibility to contact the applicable licensing board, as well as an attorney, to learn about specific industry and contractor laws and regulations applicable to the Franchised Business.

7% of Gross Revenue or the “**Minimum Royalty Fee,**”), whichever is greater. The Minimum Royalty Fee is:

**Time Period Following Original Opening Date** M

Months 4-12

Months 13 to 24

Months 25 to 36

Months 37+

Section 7.2

Royalty Fee

If the cumulative Minimum Royalty Fee for the year to date (“**YTD Minimum Royalty**”) is greater than your actual year to date (“**YTD**”) royalties paid, we will bill you for the difference in

APPENDIX B – BRAND APPENDIX

the next billing cycle, or in another manner that we may designate from time to time.

The sole purpose of the Minimum Royalty Fee is to guarantee a minimum economic return to us. The Minimum Royalty Fee does not predict or project your revenue or other business results. It is not meant to be a representation or guarantee of the results that your Franchised Business or any particular Franchised Business will or might achieve.

~~We reserve the right to increase your Royalty Fee by 1% of Gross Revenue if: (a) the required individuals fail to attend our annual convention for two (2) consecutive years; or (b) you otherwise fail to comply with your obligations under the Franchise Agreement.~~

Section 7.3	Brand Fund Contribution	<p>As of the Agreement Date, the Brand Fund Contribution is 2% of Gross Revenue.</p> <p>We can increase the Brand Fund contribution above two percent (2%) of Gross Revenue upon notice to you; however, the contribution will not exceed 3% of Gross Revenue.</p> <p>You must make the Brand Fund Contribution to us monthly (or as otherwise specified by us) and in the same manner that you pay your Royalty Fee.</p>
Section 7.4	Technology Fee(s)	<p><b>Up to \$300 per month – currently \$100 per month.</b> <u>Additionally, you must pay fees directly to our required vendor(s) for technology services, including the required CRM system. We can set the monthly fee at any amount up to \$300, revise technology fees at any time on reasonable notice, which need not be more than thirty (30) days.</u></p>
Section 10.3	Pre-Opening/Grand Opening Marketing	<p><b>Beginning in the calendar year 2024: \$6,000</b></p> <p><del>If this requirement is in effect on the Agreement Date, you will pay the Grand Opening Marketing Fee to us simultaneously with</del></p>

APPENDIX B – BRAND APPENDIX

		<p><del>the payment of the Franchise Fee, Territory Fee, and any applicable Additional Household Fee.</del></p> <p><u>Not Applicable as of the Agreement Date</u></p>
Section 10.4	Ongoing Local Marketing <del>Spend</del> <u>Requirement</u>	<p><del>Effective until notice of 2023 Local Marketing Fee change:</del></p> <p>4% of the preceding month’s generated Gross Revenue.</p> <p><del>Effective on notice of 2023 Local Marketing Fee change:</del></p> <p><del>Starting on the Original Opening Date, you are required to pay us \$36,000 per calendar year (an average of \$3,000 per month) for Local Marketing (“Annual Local Marketing Fee”), prorated for the first partial year of operation.</del></p> <p><del>As of the date of this disclosure document, and until the 2023 notice of the 2023 Local Marketing Fee change, you pay vendors, media outlets, etc. directly for LM.</del></p> <p><del>After the 2023 Local Marketing Fee change, you will generally pay the fee to us. However, we may still require that you pay vendors, media outlets, etc. directly for LM.</del></p>
<u>Section 11.3.8</u>	<u>Limitations on Use of the Marks</u>	<u>In addition, you may not use the words or abbreviations “Screen,” “Mobile,” “SM,” or “SMF,” in your corporate or legal name.</u>
Section 12	Brand Standards Manual Replacement Fee	<b>\$5,000</b>
Section 14.1	“Competing Business” definition	<p><b>“Competing Business”</b> means any business that: (i) offers residential and commercial window, patio, and door screens and repairs, or other products or services similar to those offered by the Franchised Business, (ii) grants franchises or licenses to others to operate such businesses, or (iii) is the same or substantially similar in nature or purpose to the Franchised Businesses (other than a “SCREENMOBILE” business operated under a franchise agreement with us).</p>
Section 15.2.3	Transfer Fee and Transfer Training Fee	<p><del>Greater of \$3,000 or 3% of sales price. Additional charges as stated in Section 15.2.3, if applicable. The current Transfer Training Fee is \$8,000 for up to 2 persons.</del></p> <p><u>Section 15.2.3 is deleted and replaced with the following:</u></p> <p><u>You are required to pay us a transfer fee of an amount equal to the greater of (a) \$3,000 or (b) 3% of the total purchase price (“Transfer Fee”).</u></p> <p><u>If the proposed transferee was referred to you or us by a third-party (e.g., a broker) with whom we have a referral</u></p>

APPENDIX B – BRAND APPENDIX

		<p><u>arrangement, then you or the proposed transferee, as a condition of approval, must pay us an additional fee equal to the amount owed under that referral arrangement. If we identify the prospective purchaser, then in addition to the Transfer Fee, we must receive the greater of: (a) \$15,000; (b) three percent (3%) of the total purchase price; or (c) our actual costs to identify the prospective purchaser. Any amounts paid pursuant to this Section are non-refundable.</u></p> <p><u>If the proposed transferee has not completed our training program, the proposed transferee is required to pay a transfer training fee in the amount of \$8,000 for up to two (2) individuals to attend our training program. If applicable, the fee is due before the training session begins.</u></p>
Section 16.8	Liquidated Damages	<p><del>As stated in Section 16.8 of the Agreement</del><u>If we terminate this Agreement based on your default, you are required to pay us, as liquidated damages, an amount equal to the greater of: (i) two years of Royalty fees (calculated as your average Royalty fees per payment period in the year preceding the termination of this Agreement, multiplied by the number of payment periods occurring in a two-year period); or (ii) \$50,000.</u></p>

<p><u>Section 17.1.12</u></p>	<p><u>Obligations Upon Termination or Expiration</u></p>	<p><u>Upon termination or expiration of the Agreement, you must offer to sell all your trailer(s) to us and agree that you may not dispose, discard, transfer, donate, or assign any trailer or the screening tools to any other person, third party, or entity. Upon termination or expiration of this Franchise Agreement, we may, but are not required to, purchase each trailer, screening tool package (which must include the chop saw, screen tools, and hand tools) from you for the price set forth below. We will initiate pickup of the trailer(s) in accordance with the terms set forth in the Brand Standards Manual.</u></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Trailer Age</u></th> <th style="text-align: center;"><u>Purchase Price</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><u>1-3 Years</u></td> <td style="text-align: center;"><u>\$8,000</u></td> </tr> <tr> <td style="text-align: center;"><u>4-6 Years</u></td> <td style="text-align: center;"><u>\$5,000</u></td> </tr> <tr> <td style="text-align: center;"><u>7-9 Years</u></td> <td style="text-align: center;"><u>\$4,000</u></td> </tr> <tr> <td style="text-align: center;"><u>10 or More Years</u></td> <td style="text-align: center;"><u>\$2,000</u></td> </tr> </tbody> </table>	<u>Trailer Age</u>	<u>Purchase Price</u>	<u>1-3 Years</u>	<u>\$8,000</u>	<u>4-6 Years</u>	<u>\$5,000</u>	<u>7-9 Years</u>	<u>\$4,000</u>	<u>10 or More Years</u>	<u>\$2,000</u>
<u>Trailer Age</u>	<u>Purchase Price</u>											
<u>1-3 Years</u>	<u>\$8,000</u>											
<u>4-6 Years</u>	<u>\$5,000</u>											
<u>7-9 Years</u>	<u>\$4,000</u>											
<u>10 or More Years</u>	<u>\$2,000</u>											

APPENDIX B – BRAND APPENDIX

		<a href="#">Additionally, you must sign the Trailer Assignment Agreement, included as Appendix B-1, prior to opening your Franchised Business.</a>
Section 19.1.6	Renewal Fee	<b>\$5,000</b>

APPENDIX B – BRAND APPENDIX

---

APPENDIX B – BRAND APPENDIX

**EXHIBIT B-1**  
**CONDITIONAL ASSIGNMENT OF TITLE TO TRAILERS**

THIS CONDITIONAL ASSIGNMENT OF TITLE TO TRAILERS (“**Assignment**”) is executed as of \_\_\_\_\_ (the “**Effective Date**”) by and between \_\_\_\_\_ (“**Assignor**”) and Screenmobile Franchising SPE LLC (“**Assignee**”).

Assignor hereby conditionally assigns to Assignee the title to the trailer identified below (“**Trailer**”) which Assignor utilizes in the operation of its franchised Screenmobile Business (“**Business**”) under the franchise agreement between Assignor and Assignee dated \_\_\_\_\_ (“**Franchise Agreement**”).

This Assignment shall become automatically effective only when and if Assignor stores or abandons the Trailer or diverts it from its normal intended use in connection with the operation of the Franchised Business or upon the termination or expiration of the Franchise Agreement.

Upon the occurrence of one of the circumstances described above, Assignor shall deliver title to the Trailer to Assignee in accordance with the terms set forth in the Brand Standards Manual. Upon delivery of the Trailer, Assignee will accept all further responsibility for the Trailer, including assuming all obligations imposed by the temporary storage company and further costs to ship, haul, tow, move, or transport the Trailer to other locations.

The Trailer’s Vehicle Identification Number is: \_\_\_\_\_ . The Trailer’s Vehicle License Plate Number is: \_\_\_\_\_ in the State of \_\_\_\_\_

**SAMPLE**

**ASSIGNEE:**

**SCREENMOBILE FRANCHISING SPE LLC,**  
a Delaware limited liability company

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ASSIGNOR:**

\_\_\_\_\_  
(Name)

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX B-2 TO FRANCHISE AGREEMENT**

**SCREENMOBILE FRANCHISING SPE LLC**

**CONVERSION INCENTIVE PROGRAM  
ADDENDUM TO FRANCHISE AGREEMENT**

**NOTE: THIS FORM ONLY APPLIES TO CONVERSION FRANCHISE AGREEMENTS –  
THIS FORM MAY NOT APPLY TO YOU;  
APPLICABILITY OF THIS FORM IS DETERMINED BY FRANCHISOR.]**

THIS CONVERSION INCENTIVE PROGRAM ADDENDUM is attached to and entered into contemporaneously with the Screenmobile Franchise Agreement (“Franchise Agreement”) between Screenmobile Franchising SPE LLC (“we,” “us,” “our,” or “Franchisor”) and \_\_\_\_\_ (“you,” “your” or “Franchisee”) dated as of \_\_\_\_\_.

Franchisor and Franchisee are entering into a Promissory Note for the entirety of the Franchise Fee and Territory Fee contemporaneously with this Addendum and the Franchise Agreement.

Franchisor and Franchisee agree to modify certain terms of the Franchise Agreement as set forth in this Addendum.

Franchisor and Franchisee agree as follows:

**1. FRANCHISE FEE:**

The Franchise Fee and Territory Fee payment obligation is hereby deferred until the fifth (5<sup>th</sup>) anniversary of the Agreement Date (as defined in the Franchise Agreement), subject to the terms of the Note and in accordance with the chart below.

Franchisor agrees to waive certain amounts due under the Note, up to the entirety of the Note Amount, provided Franchisee’s Gross Revenue in the fifth (5<sup>th</sup>) year of operation following the Agreement Date exceeds the pre-conversion gross revenue of the Existing Screen Services Business by certain thresholds. Such pre-conversion gross revenue shall be determined by the prior year’s P&L or prior year tax return for the converting Screen Services business, as described in the table below.

*[continued on following page]*

<u><b>Gross Revenue of Existing Window and Door Screening Services Business</b></u>	<u>[Insert Gross Revenue Based on Prior Year-End P&amp;L or Prior Year Tax Return]</u>
<u><b>Additional Territories</b></u>	<u>[Insert Franchise IDs]</u>
<u><b>Promissory Note Terms</b></u>	<p><u>Total Promissory Note Amount of All Franchised Businesses (“<b>Note Amount</b>”): <b>[Insert Franchise Fee and Territory Fee Total for All Territories]</b></u></p> <p><u>Deferred Payments for Five (5) Years – <b>[Insert 5<sup>th</sup> Anniversary Date]</b></u></p> <p><u>The Gross Revenue Increase for Note Forgiveness shall be calculated on the Fifth (5<sup>th</sup>) Anniversary of the Effective Date of the Franchise Agreement. The Gross Revenue thresholds and the corresponding Note Amount forgiveness are as follows:</u></p> <ol style="list-style-type: none"> <li><u>1. 50% to 74% Gross Revenue Increase: <b>[Insert Gross Revenue Target]</b></u> <ol style="list-style-type: none"> <li><u>a. 50% Note Amount Forgiven: <b>[Insert Dollar Amount]</b></u></li> </ol> </li> <li><u>2. 75% to 99% Gross Revenue Increase: <b>[Insert Gross Revenue Target]</b></u> <ol style="list-style-type: none"> <li><u>a. 75% Note Amount Forgiven: <b>[Insert Dollar Amount]</b></u></li> </ol> </li> <li><u>3. 100% Gross Revenue Increase: <b>[Insert Gross Revenue Target]</b></u> <ol style="list-style-type: none"> <li><u>a. 100% Note Amount Forgiven: <b>[Insert Dollar Amount]</b></u></li> <li><u>b. <u>In the event your pre-conversion Gross Revenue is below \$100,000 for the pre-conversion year, you must attain 100% Gross Revenue Increase in the fifth year of operation of your Franchised Business to qualify for 100% of the Note Amount to be forgiven. You will not qualify for any forgiveness if your Gross Revenue in the fifth year of operation of your Franchised Business is below \$200,000.</u></u></li> </ol> </li> </ol>

3. **VEHICLE WRAPS:** Franchisor agrees to provide Franchisee with up to three (3) vehicle wraps valued up to \$3,500 each. Franchisor will provide the vehicle wraps through direct payment to a Designated Vendor. Franchisee shall be responsible for any amounts due for each vehicle wrap over \$3,500.

Total Number of Franchisee Vehicles (up to 3): \_\_\_\_\_

4. **MARKETING MATERIALS:** Franchisor agrees to provide Franchisee with a \$500 credit towards the purchase of certain advertising, marketing, and promotional materials through Franchisor's Designated Vendor.
5. **BRAND UNIFORMS:** Franchisor agrees to provide Franchisee with a \$500 credit towards the purchase of uniforms bearing the Marks through Franchisor's Designated Vendor.
6. **BUILDING SIGNS:** Franchisor agrees to reimburse Franchisee for the cost of installing approved signs as part of Franchisee's preparation for opening as described in Section 4.1 of the Franchise Agreement. Franchisee is required to submit a signed itemized invoice from the vendor of Franchisee's choosing no more than six (6) months from the Effective Date of the Franchise Agreement to qualify for the reimbursement described in this paragraph. Franchisor will have forty-five (45) days after receipt of the itemized invoice to submit payment to Franchisee. In the event Franchisee fails to meet any of the obligations of this paragraph, Franchisee shall be deemed to have waived any right to a reimbursement and Franchisor shall be released from any obligation to reimburse Franchisee for any expense related to the installation of exterior signs displaying the Marks. In any event, Franchisee shall be required to adhere to all of Franchisee's obligations described in Section 4.1 of the Franchise Agreement.
7. **MARKETING CAMPAIGN LAUNCH:** Franchisor agrees to provide Franchisee with certain marketing services, include but not limited to digital marketing services and website marketing services, prior to or at the opening of the Franchised Business in an amount determined by Franchisor, not to exceed \$5,000.
8. **MISCELLANEOUS.** This Addendum will be binding upon and inure to the benefit of each party. Any terms not defined in this Addendum will have the meaning given to the terms in the Franchise Agreement.
9. **NO FURTHER CHANGES.** Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Franchise Agreement will remain in full force and effect as originally written and signed.

*[signature page follows]*

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Addendum as of the date first above written.

**FRANCHISOR:**  
**SCREENMOBILE FRANCHISING SPE LLC**

**FRANCHISEE:**  
**[PRINT NAME OF COMPANY]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPENDIX C TO FRANCHISE AGREEMENT**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

[Name of Franchisee] \_\_\_ (“**Franchisee**”) has entered into a Franchise Agreement (the “**Franchise Agreement**”) with Screenmobile Franchising SPE LLC (“**Franchisor**”). Under the Franchise Agreement, Franchisor can require certain individuals affiliated with the Franchisee to bind themselves personally to the confidentiality obligations and restrictions on competition in the Franchise Agreement. You agree as follows:

1. You are signing this Agreement for the benefit of both Franchisee and Franchisor, as a condition of your employment by, ownership interest in, or other role with Franchisee. Franchisor has the right to enforce this Agreement directly against you.
2. You will or might gain access to Confidential Information (as defined in the Franchise Agreement) as a result of your role with Franchisee. You agree that you will: (a) not use the Confidential Information in any other business or capacity; (b) use your best efforts to maintain the confidentiality of the Confidential Information; and (c) not make unauthorized copies of any Confidential Information. If your relationship with Franchisee ends, these obligations continue, but you are required to return to Franchisor any materials in your possession or control that contain Confidential Information.
3. While the Franchise Agreement is in effect and you continue in your role with Franchisee, you will not, directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any Competing Business. “**Competing Business**” has the same meaning as set forth in the Brand Appendix to the Franchise Agreement.
4. For two (2) years after (i) your relationship with Franchisee ends; (ii) the expiration or termination of the Franchise Agreement; or (iii) the approved transfer of the Franchise Agreement to a new franchisee, whichever comes first, you will not, without Franchisor’s consent (which Franchisor may withhold at its discretion) either directly or indirectly (such as through an affiliate or a family member) own, operate, engage in, be employed by, provide assistance to, or have any economic interest in any Competing Business that is located in or serves customers within (i) the Territory defined in the Franchise Agreement, (ii) forty (40) miles of the Territory, (iii) any zip code where Franchisee’s Franchised Business served customers while the Franchise Agreement was in effect, (iv) the territory of any other then-existing Franchised Businesses plus the area formed by extending the boundaries of that territory ten (10) miles in all directions, or (v) the territory serviced by any business operated by Franchisor, its affiliates or their licensees under the Marks plus the area formed by extending the boundaries of that territory ten (10) miles in all directions. The time period above will be tolled for any period of time during which you are in breach of this section and will resume only when you begin or resume compliance.
5. You represent that enforcement of the restrictions contained in Paragraphs 3 and 4 will not deprive you of the ability to earn a living. If a court rules that any of these restrictions is unenforceable by virtue of its scope or in terms of geographic area, type of business activity prohibited, and/or length of time, you agree to comply with any lesser restriction deemed enforceable by the court. If Franchisor or Franchisee initiates a legal proceeding to enforce this Agreement and prevails in the proceeding, you agree to reimburse Franchisor or Franchisee for its enforcement costs and expenses, including attorneys’ fees.

**FRANCHISEE:**  
**[NAME OF FRANCHISEE]**

**YOU:**  
**[OWNER NAME]**

\_\_\_\_\_

**APPENDIX D TO FRANCHISE AGREEMENT**  
**TELEPHONE NUMBER AND INTERNET AGREEMENT**

---

(Name of Telephone Company)

---

(Address)

---

(City, State, Zip)

---

(Office Telephone Number(s))

This TELEPHONE NUMBER AND INTERNET AGREEMENT, ASSIGNMENT AND POWER OF ATTORNEY (“**Assignment**”) is made pursuant to the terms of the Franchise Agreement dated \_\_\_\_\_ (“**Agreement**”) by and between Screenmobile Franchising SPE LLC (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”), authorizing Franchisee to use Franchisor’s Marks and System in the operation of a business (the “**Franchised Business**”) in and for the Territory. Capitalized terms used herein without a definition shall have the meaning assigned to them in the Agreement.

For value received, Franchisee hereby irrevocably assigns to Franchisor all telephone listings and numbers at any time used by Franchisee in any printed or internet telephone directory in connection with the operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future (collectively “**Telephone Listings**”) and all email addresses, domain names, social media accounts and comparable electronic identities that use the Marks or any portion of them at any time used by Franchisee in connection with any Internet directory, website or similar item in connection with the operation of the Franchised Business, whether now-existing or adopted by Franchisee in the future (collectively “**Internet Listings**”) (collectively referred to herein as “**Listings**”). From time to time upon Franchisor’s request, Franchisee agrees to promptly provide a complete list of all Listings to Franchisor (in such format and level of detail as required by Franchisor).

Franchisee shall have the right to use the Listings only in connection with advertising the Franchised Business in the Territory. Franchisee agrees to pay all amounts pertaining to the use of the Listings incurred by it when due. Upon expiration or termination of the Agreement for any reason, Franchisee’s right of use of the Listings shall terminate. In the event of termination or expiration of the Agreement, Franchisee agrees to pay all amounts owed in connection with the Listings, including all sums owed under existing contracts for telephone directory advertising and to immediately, at Franchisor’s request, (i) take any other action as may be necessary to transfer the Listings and numbers to Franchisor or Franchisor’s designated agent, (ii) install and maintain, at Franchisee’s sole expense, an intercept message, in a form and manner acceptable to Franchisor, on any or all of the Listings; (iii) disconnect the Listings; and/or (iv) cooperate with Franchisor or its designated agent in the removal or relisting of any telephone directory or directory assistance listing, Internet directory, website or advertising, whether published or online.

Franchisee agrees that Franchisor may require that all telephone numbers and telephone and internet equipment and service must be owned or provided by Franchisor or a supplier approved by Franchisor and that Franchisor has the right to require Franchisee to “port” or transfer to Franchisor or an approved call

[APPENDIX D – TELEPHONE NUMBER AND INTERNET AGREEMENT](#)

routing and tracking vendor all phone numbers associated with the Franchised Business or published in any print or online directory, advertisement, marketing or promotion associated with the Marks.

Franchisee appoints Franchisor as Franchisee’s attorney-in-fact, to act in Franchisee’s place, for the purpose of assigning any Listings to Franchisor or Franchisor’s designated agent or taking any other actions required of Franchisee under this Assignment. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of the foregoing powers, including full power of substitution and execution or completion of any documents required or requested by any telephone or other company to transfer such Listings, and Franchisee ratifies every act that Franchisor may lawfully perform in exercising those powers. This power of attorney shall be effective for a period of two (2) years from the date of expiration, cancellation or termination of Franchisee’s rights under the Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all rights to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney shall not be affected by the subsequent incapacity of Franchisee. This power of attorney is created to secure performance of a duty to Franchisor and is for consideration.

**FRANCHISEE:** [INSERT FRANCHISEE NAME]

\_\_\_\_\_  
[Individual Name]

[Print Name]

\_\_\_\_\_, individually  
[Individual Name]

\_\_\_\_\_  
Date

**INSTRUCTIONS TO FRANCHISEE: YOU MUST PROVIDE ACTIVE ACCOUNT INFORMATION AT THE TIME OF SIGNING THE FRANCHISE AGREEMENT. IF YOU DO NOT YET HAVE A BUSINESS ACCOUNT FOR THE FRANCHISE, YOU MUST PROVIDE A PERSONAL ACCOUNT FOR US TO USE UNTIL YOU HAVE A BUSINESS ACCOUNT. YOU CAN CHANGE THE DESIGNATED ACCOUNT AT ANY TIME BY PROVIDING A NEW AUTHORIZATION FORM.**

**APPENDIX E TO FRANCHISE AGREEMENT**  
**ELECTRONIC FUND TRANSFER AUTHORIZATION FORM**

Payee: Screenmobile Franchising SPE LLC (“Franchisor”)

\_\_\_\_\_  
Account Number

\_\_\_\_\_  
ABA Routing #

\_\_\_\_\_  
Bank Name (Please Print)

\_\_\_\_\_  
Address

The undersigned hereby authorizes Franchisor to initiate debit entries by either electronic or paper means to the undersigned’s account indicated above at the Bank indicated above (the “**Bank**”) and authorizes the Bank to debit the same to such account and to make payment to Franchisor, or its assigns, at 7120 Samuel Morse Drive, Suite 300, Columbia, MD 21046, or such other address as may be designated by Franchisor. The undersigned agrees that in making payment for such charges, the Bank’s rights shall be the same as if each were a charge made and signed personally by the undersigned. The Bank shall have no obligation regarding the calculation or verification of the amount of any such payments.

This authority shall remain in full force and effect until Franchisor and the Bank have received a minimum of ninety (90) days’ advance written notice from the undersigned of the termination of authority granted herein. Until the Bank actually receives such notice, the undersigned agrees that the Bank shall be fully protected in paying any amounts pursuant to this authority. The undersigned further agrees that if any such payments are not made, whether with or without cause, and whether intentionally or inadvertently, the Bank shall be under no liability whatsoever to the undersigned.

\_\_\_\_\_  
Printed Name of Franchisee (Individual or Business Entity)

\_\_\_\_\_  
Signature of Franchisee (and Title, if signing on behalf of a Business Entity)

Date Signed: \_\_\_\_\_

[APPENDIX E – ELECTRONIC FUND TRANSFER AUTHORIZATION FORM](#)

**EXHIBIT B**

**PROMISSORY NOTE, GUARANTY AND SECURITY AGREEMENT**

**PROMISSORY NOTE**

**[FRANCHISE ID]**

**Principal Amount:** \$ \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

1. **Principal Amount.** For value received, the undersigned (“**Maker**”) hereby unconditionally promises to pay to the order of Screenmobile Franchising SPE LLC, a Delaware limited liability company, with its principal offices located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 (“**Holder**”), in lawful money of the United States of America, the amount of \_\_\_\_\_ and 00/100 Dollars (\$ \_\_\_\_\_) (“**Principal Amount**”) together with interest as set forth in Section 2.C. The Principal Amount represents a portion the Franchise Fee owed to Holder in connection with a Screenmobile Franchising SPE LLC Franchise Agreement dated as of \_\_\_\_\_ (“**Franchise Agreement**”).

2. **Payment Related Terms.**

A. **Payment.** Maker shall pay the Principal Amount ~~and Interest Amount, together with the interest set forth in Section 2.C. below,~~ to Holder in ( ) equal ~~weekly~~ monthly installments due as designated by Holder each ~~week~~ month in the amount of \_\_\_\_\_ and \_\_\_/100 Dollars (\$\_\_\_) commencing on \_\_\_\_\_ and with the final payment in the amount of \_\_\_\_\_ and \_\_\_/100 Dollars (\$\_\_\_) due on \_\_\_\_\_. The attached amortization schedule reflects the payment schedule and is incorporated into this Note.

B. **Payment Arrangements.** Unless otherwise designated in writing by Holder, the payment required by Section 2.A. shall be made to Holder by electronic funds transfer in accordance with the terms of the Electronic Funds Transfer Agreement attached to the Franchise Agreement as an appendix. Maker shall be responsible for all costs and expenses incurred by Maker and Holder in connection with the electronic funds transfer.

C. **Interest**

(i) Interest at a rate of 12% per annum shall begin to accrue on the outstanding amounts due as of the above Effective Date. Interest shall be calculated on the basis of a year of three hundred and sixty-five (365) days and charged for the actual number of days elapsed. Interest on the indebtedness evidenced by this Note shall in no event exceed the maximum amount permissible under applicable law (“**Maximum Rate**”).

(ii) After the occurrence of a Default, this Note shall bear interest, payable on demand, at a rate equal to 18% per annum, until paid, but not to exceed the Maximum Rate whether before or after the entry of judgment hereon. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. Following a permitted cure or waiver of Default, this Note shall cease to bear interest under this Section C(ii) and resume interest under Section C(i) above. This provision does not constitute a waiver of any Default or an agreement by the Holder to permit any late payments.

(iii) If, at any time, the interest to be paid by Maker would exceed the Maximum Rate,

the interest to be paid shall be reduced to the Maximum Rate, and Holder shall credit any payment in excess of the Maximum Rate to the Principal Amount or refund the excess to Maker. The terms and provisions of this paragraph shall control and supersede every other conflicting provision of this Note.

D. **Prepayment.** This Note may be prepaid at the option of Maker, in whole or in part, without penalty.

3. **Assignment.** This Note is personal to Maker and is not assignable by Maker. This Note is assignable by Holder without notice to or consent of Maker.

4. **Default.**

A. Any of the following events shall constitute an event of default (“**Default**”):

(i) Maker fails to pay any principal of or, if applicable, interest on this Note when the same shall become due, either by the terms hereof or by acceleration or otherwise; or

(ii) Maker or its affiliates or subsidiaries default on any agreement with Holder, or its affiliates or subsidiaries, including the Franchise Agreement.

B. Upon the occurrence of any Default, Holder may, at its option and in addition to any right, power or remedy permitted by law or equity, by written notice to Maker, declare the unpaid Principal Amount of this Note to be and the same shall thereupon be and become, forthwith due and payable in its entirety, together with, if applicable, accrued interest on that amount. A Default under this Note shall also constitute a Default under the Franchise Agreement. No waiver by Holder of any Default shall operate as a waiver of any other default or the same default on a future occasion.

5. **Waivers.** Maker hereby waives presentment and demand for payment, notice of non-payment, notice of dishonor, protest of dishonor, and notice of protest. All sums due under this Note shall be without relief from valuation and appraisal laws.

6. **Notices.** No notice, demand, request or other communication to Maker or Holder shall be binding unless the notice is in writing and pursuant to Section 21 of the Franchise Agreement.

7. **Enforcement.**

A. **Choice of Law.** This Note shall be governed by and construed in accordance with the laws of the State of Maryland.

B. **Choice of Forum.** Maker hereby submits to the personal jurisdiction of the state and federal courts located in Maryland, consents to venue in those courts, and agrees that Holder may, at Holder’s option, enforce its rights under this Note in those courts.

C. **Reimbursement of Costs.** If Holder brings an action to enforce or collect this Note, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’ and expert witnesses’ fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of, or subsequent to the filing of, any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury. If Holder utilizes legal counsel (including in-house counsel employed by Holder or its affiliates) in connection with any failure by the undersigned to comply with this Note, Maker shall reimburse Holder for

any of the above-listed costs and expenses incurred by it.

D. **Miscellaneous.** Maker acknowledges that its obligations under this Note are unconditional and separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Maker and Holder. The liability of each entity or individual who is included as the “**Maker**” shall be joint and several.

E. **Severability.** If, but only to the extent that, any provision of this Note shall be invalid or unenforceable, then, such offending provision shall be deleted from this Note, but only to the extent necessary to preserve the validity and effectiveness of this Note to the fullest extent permitted by applicable law.

F. **Writing Required.** ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

G. **Jury Trial Waiver.** Maker waives, to the fullest extent permitted by applicable law, the right to a trial by jury in any action arising out of or relating to this Note or any Default under this Note.

IN WITNESS WHEREOF, Maker has executed this Note as of the date below.

**MAKER:**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**AMORTIZATION SCHEDULE  
TO PROMISSORY NOTE**

*[insert amortization schedule]*

## GUARANTEE

In consideration of the willingness of Screenmobile Franchising SPE LLC (“**Holder**”) to permit \_\_\_\_\_ (“**Maker**”) to pay a portion of the Franchise Fee owed to Holder in connection with a Screenmobile Franchising SPE LLC Franchise Agreement and pursuant to the foregoing Promissory Note (“**Note**”), the undersigned \_\_\_\_\_ (“**Guarantors**”), hereby personally and unconditionally: **(1)** guarantee to Holder and its successors and assigns that Maker shall punctually pay and perform each and every undertaking set forth in the Note; and **(2)** agree personally to be liable for Maker’s Default under the Note.

Each Guarantor waives: **(a)** acceptance and notice of acceptance by Holder of the foregoing undertakings; **(b)** notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; **(c)** protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; **(d)** any right he or she may have to require that an action be brought against Maker or any other person as a condition of liability; **(e)** all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Maker arising as a result of the execution of and performance under this Guarantee by any Guarantor; **(f)** any law or statute which requires that Holder make demand upon, assert claims against or collect from Maker or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Maker or any others prior to making any demand upon, collecting from or taking any action against Guarantors with respect to this Guarantee; **(g)** any and all other notices and legal or equitable defenses to which he or she may be entitled; and **(h)** any and all right to have any legal action under this Guarantee decided by a jury.

Each Guarantor consents and agrees that: **(i)** his or her direct and immediate liability under this Guarantee shall be joint and several; **(ii)** he or she shall render any payment or performance required under the Note upon demand if Maker fails or refuses punctually to do so; **(iii)** such liability shall not be contingent or conditioned upon pursuit by Holder of any remedies against Maker or any other person; **(iv)** such liability shall not be diminished, relieved or otherwise affected by any amendment of the Note, any extension of time, credit or other indulgence which Holder may from time to time grant to Maker or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Note and for so long thereafter as there are monies or obligations owing from Maker to Holder under the Note; and **(v)** monies received from any source by Holder for application toward payment of the obligations under the Note and under this Guarantee may be applied in any manner or order deemed appropriate by Holder.

If any of the following events occur, a default (“**Default**”) under this Guarantee shall exist: **(a)** failure of timely payment or performance of the obligations under this Guarantee; **(b)** breach of any agreement or representation contained or referred to in this Guarantee; **(c)** the appointment of a guardian for, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any Guarantor; and/or **(d)** the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any Guarantor. If a Default occurs, the obligations of Guarantors shall be due immediately and payable without notice.

All notices, requests and approvals under this Guarantee shall be in writing and shall be deemed to have been properly given if and when personally delivered, or five (5) days after being sent by certified or registered mail, postage prepaid, return receipt requested, or thirty-six (36) hours after being sent by Federal Express or other overnight courier service providing delivery confirmation, to the address of the party set forth below or at such other address as any of the parties hereto from time to time may have designated by

written notice to the other party.

**IF TO GUARANTORS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IF TO HOLDER:**

Screenmobile Franchising SPE LLC  
7120 Samuel Morse Drive, Suite 300  
Columbia, Maryland 21046

This Guarantee shall be governed by and construed in accordance with the laws of the State of Maryland. Each Guarantor hereby submits to the personal jurisdiction of the state and federal courts located in Maryland, consents to venue in those courts, and agrees that Holder may, at Holder’s option, enforce its rights under this Guarantee in those courts. **Each Guarantor waives, to the fullest extent permitted by applicable law, the right to a trial by jury in any action arising out of or relating to this Guarantee or any Default under this Guarantee.**

If Holder brings an action to enforce this Guarantee in a judicial proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’ and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Holder utilizes legal counsel (including in-house counsel employed by Holder or its affiliates) in connection with any failure by Guarantors to comply with this Guarantee, Guarantors shall reimburse Holder for any of the above-listed costs and expenses incurred by it.

This Guarantee is personal to the undersigned and is not assignable by Guarantors. This Guarantee is assignable by Holder.

If signed by more than one person or entity, the obligations hereunder shall be joint and several as to each signatory.

Guarantors acknowledge that their obligations under this Guarantee are unconditional and are separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Guarantors and Holder, and that this Guarantee contains the entire agreement of Guarantors and Holder with respect to the subject matter of this Guarantee.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Guarantee as of the date first above written:

**GUARANTORS:**

By: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

## SECURITY AGREEMENT

**THIS SECURITY AGREEMENT (“Agreement”)** is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ formed in \_\_\_\_\_ (“**Debtor**”), and Screenmobile Franchising SPE LLC, a Delaware limited liability company (“**Secured Party**”), who agree as follows:

1. **Recitals.** This Agreement is made and entered into with reference to the following facts and circumstances:

A. Debtor and Secured Party entered into a Screenmobile Franchising SPE LLC Franchise Agreement (“**Franchise Agreement**”) under which Debtor was required to pay Secured Party a “**Franchise Fee**”;

B. Debtor and Secured Party entered into a Promissory Note (“**Note**”) on the same date as this Security Agreement (“**Agreement**”) under which Secured Party agreed to permit Debtor to pay a portion of the Franchise Fee on a payment plan;

C. Debtor is jointly and severally indebted to Secured Party in the principal amount of \$ \_\_\_\_\_ as evidenced by the Note (the “**Indebtedness**”); and

D. As a material inducement for Secured Party’s accepting the Note, Debtor has agreed to secure Debtor’s performance under the provisions and conditions of the Note, the Franchise Agreement, and any other debts Debtor owes to Secured Party by granting to Secured Party a security interest in the collateral described in this Agreement.

2. **Grant of Security Interest.** As security for: (i) Debtor’s timely and complete payment of all amounts owing under the Note, the Franchise Agreement, and of any other debts Debtor owes to Secured Party; and (ii) Debtor’s performance of all of the covenants, obligations and agreements contained in the Note, the Franchise Agreement, this Agreement and all other instruments and documents pertaining to, evidencing or securing the Note, the Franchise Agreement or other debts Debtor owes to Secured Party (and as those instruments and documents may be amended from time to time), Debtor hereby grants, transfers, and assigns to Secured Party a continuing security interest in the following items, property and rights (collectively, “**Collateral**”):

A. All of the personal property of Debtor now and hereafter situated at, used in connection with, relating to or deriving from any SCREENMOBILE Franchised Business (or its successor) pursuant to the Franchise Agreement or otherwise, including without limitation, at those certain premises which are described on Exhibit A, attached hereto and incorporated herein by this reference (“**Premises**”), and the businesses conducted at such Premises, including, without limitation, all present and after-acquired goods, accounts, documents, instruments, money, deposit accounts, chattel paper, inventory, equipment, supporting obligations, investment property, letter of credit rights, and general intangibles; and

B. Debtor’s entire right, title and interest in and to all replacements, rents, profits, substitutions and (or) additions to or of those items referred to in subparagraph 2.A. above, and any proceeds arising from the sale and(or) other disposition of the same (including, without limitation, sums payable for loss under insurance covering the Collateral).

3. **Warranties; Protection of Collateral.** Debtor warrants that it is the owner of the Collateral free of all liens except the lien created hereby. Debtor agrees that it: (a) will properly maintain, repair and preserve

the Collateral and insure the same against casualty loss by a policy of insurance covering such risks and in such amount as the Secured Party may require, with loss payable to Secured Party and will furnish certificates acceptable to Secured Party; (b) will pay in timely fashion all taxes which may become a lien on the Collateral; (c) except with Secured Party's prior written consent, Debtor will make no sale, contract to sell, lease, encumbrance or other disposition of the Collateral nor change its physical location from the Premises above designated; (d) will use the Collateral lawfully and only within insurance coverage and not use the Collateral so as to cause or result in any waste, unreasonable deterioration or depreciation; (e) will permit Secured Party to enter on Debtor's property and to inspect the Collateral at any reasonable time; (f) will not, with the exception of sales of inventory in the ordinary course of business, remove the Collateral from the Premises without the consent of Secured Party except when reasonably necessary for repair or to replace obsolete or worn out items of Collateral; and (g) will execute any additional agreements, assignments or documents that may be deemed necessary or advisable by Secured Party to effectuate the purpose of this Agreement and the protection of the Collateral.

4. **Delivery and Perfection.** Debtor agrees to execute and deliver to Secured Party any other documents reasonably requested by Secured Party to create, maintain, perfect, or assure the priority of the security interest granted above. Debtor hereby appoints Secured Party as its agent and attorney-in-fact to execute and deliver documents and to take all other actions (to the extent permitted by law) in Debtor's name and on Debtor's behalf that Secured Party may deem necessary or advisable to create, maintain, perfect, assure the priority of, or foreclose its security interest in and lien on the Collateral. This appointment is coupled with an interest and is irrevocable as long as any of the Indebtedness remains outstanding.

5. **Default.** The following shall constitute a default by Debtor hereunder:

A. Any failure to comply with the provisions of the Franchise Agreement, this Agreement, or any other agreement with Secured Party, or to perform any covenant contained herein.

B. Any default by Debtor under the Note or any failure to pay when due any portion of the Indebtedness, including, without limitation, any interest payable thereunder.

C. Any loss, theft, substantial damage or destruction of the Collateral or issuance of attachment, levy, garnishment or judicial process with respect to the Collateral.

D. Insolvency, bankruptcy, business failure, assignment for benefit of creditors or appointment of a receiver for Debtor or its property.

E. Secured Party deeming itself insecure, believing in good faith that the prospect of payment of the Indebtedness (or any portion thereof) or of performance of this Agreement, or any covenant contained herein, is impaired.

6. **Rights and Remedies.** In the event of a default hereunder, Secured Party shall have and shall otherwise be entitled to all rights and remedies provided for or allowed under law. In accordance with the foregoing, and without limitation, Secured Party shall be entitled to:

A. Take possession of and protect the Collateral, including the right to remove all persons from the Premises and take sole possession thereof.

B. If Secured Party is not then in possession of the Collateral, to require Debtor or any other person in possession of the Collateral to assemble it at Debtor's expenses and make it available to Secured

Party at a reasonably convenient place, to be designated by Secured Party.

C. Retain the Collateral in satisfaction of Debtor's obligations, or dispose of the Collateral by public or private sale (at which sale the Secured Party may be a buyer), or commence operation of the Business for Debtor's account. Any sale or operation of the Business shall be deemed to be on Debtor's account unless Secured Party gives Debtor written notice of intent to retain the Collateral in satisfaction of Debtor's obligations. The proceeds of sale or operation for Debtor's account shall be applied in total or partial satisfaction of Debtor's obligations to Secured Party and for Secured Party's costs incurred in proceeding under this paragraph. All proceeds shall be applied first to cover Secured Party's costs, and second to satisfy Debtor's obligations to Secured Party. To the extent there is still any deficiency in the amount Secured Party is owed, Secured Party may collect the same from Debtor, and, to the extent that any excess proceeds exist (after the application of such proceeds as provided for herein and under the law), Secured Party shall pay the same to Debtor.

D. Declare any and all amounts outstanding under the Note to be immediately due and payable.

E. Reduce any claim against Debtor to judgment and enforce any such judgment against Debtor.

F. Take such steps as it may deem appropriate to foreclose upon or otherwise enforce the security interest(s) and lien of this Agreement to secure payment and performance of the Debtor's obligations under this Agreement and the Note.

G. Exercise any and all other rights and remedies available at law or equity or otherwise to Secured Party under this Agreement or the Note.

7. **Nonwaiver.** No delay or omission to exercise any right, power, or remedy accruing to Secured Party upon any breach or default of Debtor under this Agreement shall impair any such right, power, or remedy of Secured Party, nor shall it be construed to be a waiver of any such breach thereafter occurring, nor shall any waiver of any single breach or default theretofore occurring be deemed a waiver of any other breach or default. Any waiver, permit, consent, or approval of any kind under this Agreement, or any waiver on the part of the Secured Party of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law, or otherwise afforded to Secured Party, shall be cumulative and not alternative.

8. **Notices.** Unless otherwise specifically provided in this Agreement, all notices, demands, or other communications given hereunder will be in writing and pursuant to Section 21 of the Franchise Agreement.

9. **Miscellaneous.**

A. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the manners dealt with in this Agreement. In addition each party has had the opportunity to consult with experienced and knowledgeable legal counsel. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

B. In the event of any dispute arising out of this Agreement, or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and

expenses incurred in any action, arbitration, mediation, or litigation, including without limitation court costs and reasonable attorneys' fees and disbursements.

C. Any provisions of this Agreement which may be prohibited by law or otherwise held invalid shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective the remaining provisions of this Agreement.

D. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland. Sole and proper venue for any action shall be in the state and federal courts in Maryland.

E. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**DEBTOR:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

**EXHIBIT A TO SECURITY AGREEMENT**

**Premises:**



**PROMISSORY NOTE**  
**[FRANCHISE ID]**

*[For Conversion Incentive Program]*

**Principal Amount:** \$ \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

**1. Principal Amount.** For value received, the undersigned (“**Maker**”) hereby unconditionally promises to pay to the order of Screenmobile Franchising SPE LLC, a Delaware limited liability company with its principal offices located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 (“**Holder**”), in lawful money of the United States of America, the amount of \_\_\_\_\_ and 00/100 Dollars (\$) (“**Principal Amount**”) together with interest as set forth in Section 2.C. The Principal Amount represents the Franchise Fee owed to Holder in connection with a Screenmobile Franchising SPE LLC Franchise Agreement dated as of \_\_\_\_\_ (“**Franchise Agreement**”).

**2. Payment Related Terms.**

**A. Payment.** Maker shall pay the Principal Amount and Interest Amount to Holder in forty eight (48) equal monthly installments in the amount of \_\_\_\_\_ and \_\_\_\_\_/100 Dollars (\$) commencing on (“**Payment Start Date**”) \_\_\_\_\_ and with the final payment in the amount of \_\_\_\_\_ and \_\_\_\_\_/100 Dollars (\$) due on \_\_\_\_\_. The attached amortization schedule reflects the payment schedule and is incorporated into this Note. In the event the Principal Amount is reduced in accordance with the Franchise Agreement, Holder will adjust the Principal Amount and amortization schedule accordingly. All other terms of the Note provided herein will remain unchanged in the event of such adjustment.

**B. Payment Arrangements.** Unless otherwise designated in writing by Holder, the payment required by Section 2.A. shall be made to Holder by electronic funds transfer in accordance with the terms of the Electronic Funds Transfer Agreement attached to the Franchise Agreement as an appendix. Maker shall be responsible for all costs and expenses incurred by Maker and Holder in connection with the electronic funds transfer.

**C. Interest**

**(i)** Interest at a rate of 12% per annum shall begin to accrue on the Payment Start Date. Interest shall be calculated on the basis of a year of three hundred and sixty-five (365) days and charged for the actual number of days elapsed. Interest on the indebtedness evidenced by this Note shall in no event exceed the maximum amount permissible under applicable law (“**Maximum Rate**”).

**(ii)** After the occurrence of a Default, this Note shall bear interest, payable on demand, at a rate equal to 18% per annum, until paid, but not to exceed the Maximum Rate whether before or after the entry of judgment hereon. Interest shall be calculated on the basis of a year of 365 days and charged for the actual number of days elapsed. Following a permitted cure or waiver of Default, this Note shall cease to bear interest under this Section C(ii) and resume interest under Section C(i) above. This provision does not constitute a waiver of any Default or an agreement by the Holder to permit any late payments.

**(iii)** If, at any time, the interest to be paid by Maker would exceed the Maximum Rate,

the interest to be paid shall be reduced to the Maximum Rate, and Holder shall credit any payment in excess of the Maximum Rate to the Principal Amount or refund the excess to Maker. The terms and provisions of this paragraph shall control and supersede every other conflicting provision of this Note.

**D. Prepayment.** This Note may be prepaid at the option of Maker, in whole or in part, without penalty.

**4. Assignment.** This Note is personal to Maker and is not assignable by Maker. This Note is assignable by Holder without notice to or consent of Maker.

**5. Default.**

**1. Any of the following events shall constitute an event of default (“Default”):**

**(i) Maker fails to pay any principal of or, if applicable, interest on this Note when the same shall become due, either by the terms hereof or by acceleration or otherwise; or**

**(ii) Maker or its affiliates or subsidiaries default on any agreement with Holder, or its affiliates or subsidiaries, including the Franchise Agreement.**

**2. Upon the occurrence of any Default, Holder may, at its option and in addition to any right, power or remedy permitted by law or equity, by written notice to Maker, declare the unpaid Principal Amount of this Note to be and the same shall thereupon be and become, forthwith due and payable in its entirety, together with, if applicable, accrued interest on that amount. A Default under this Note shall also constitute a Default under the Franchise Agreement. No waiver by Holder of any Default shall operate as a waiver of any other default or the same default on a future occasion.**

**6. Waivers.** Maker hereby waives presentment and demand for payment, notice of non-payment, notice of dishonor, protest of dishonor, and notice of protest. All sums due under this Note shall be without relief from valuation and appraisal laws.

**7. Notices.** No notice, demand, request or other communication to Maker or Holder shall be binding unless the notice is in writing and pursuant to Section 21 of the Franchise Agreement.

**8. Enforcement.**

**A. Choice of Law.** This Note shall be governed by and construed in accordance with the laws of the State of Maryland.

**B. Choice of Forum.** Maker hereby submits to the personal jurisdiction of the state and federal courts located in Maryland, consents to venue in those courts, and agrees that Holder may, at Holder’s option, enforce its rights under this Note in those courts.

**C. Reimbursement of Costs.** If Holder brings an action to enforce or collect this Note, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants’, attorneys’, attorneys’ assistants’ and expert witnesses’ fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, in contemplation of, or subsequent to the filing of, any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury. If Holder utilizes legal counsel (including in-house counsel employed by Holder or its affiliates) in connection with any failure by the undersigned to comply with this Note, Maker shall reimburse Holder for any of the above-listed costs and expenses incurred by it.

**D. Miscellaneous.** Maker acknowledges that its obligations under this Note are unconditional and separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Maker and Holder. The liability of each entity or individual who is included as the “Maker” shall be joint and several.

**E. Severability.** If, but only to the extent that, any provision of this Note shall be invalid or unenforceable, then, such offending provision shall be deleted from this Note, but only to the extent necessary to preserve the validity and effectiveness of this Note to the fullest extent permitted by applicable law.

**F. Writing Required.** ORAL AGREEMENTS OR COMMITMENTS TO LOAN MONEY, EXTEND CREDIT OR TO FOREBEAR FROM ENFORCING REPAYMENT OF A DEBT, INCLUDING PROMISES TO EXTEND OR RENEW SUCH DEBT, ARE NOT ENFORCEABLE. TO PROTECT YOU (BORROWER) AND US (CREDITOR) FROM MISUNDERSTANDING OR DISAPPOINTMENT, ANY AGREEMENTS WE REACH COVERING SUCH MATTERS ARE CONTAINED IN THIS WRITING, WHICH IS THE COMPLETE AND EXCLUSIVE STATEMENT OF THE AGREEMENT BETWEEN US, EXCEPT AS WE MAY LATER AGREE IN WRITING TO MODIFY IT.

**G. Jury Trial Waiver.** Maker waives, to the fullest extent permitted by applicable law, the right to a trial by jury in any action arising out of or relating to this Note or any Default under this Note.

IN WITNESS WHEREOF, Maker has executed this Note as of the date below.

**MAKER:**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Date: \_\_\_\_\_

**AMORTIZATION SCHEDULE**  
**TO PROMISSORY NOTE**

Loan amount \$  
Annual interest rate 12.00%  
Loan period in years 4  
Payment Start Date  
  
Monthly payment \$  
Number of payments 48  
Total interest \$  
Total cost of loan \$

<u>No.</u>	<u>Payment Date</u>	<u>Beginning Balance</u>	<u>Payment Principal</u>		<u>Interest</u>	<u>Ending Balance</u>
<u>1</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>2</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>3</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>4</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>5</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>6</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>7</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>8</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>9</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>10</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>11</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>12</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

<u>13</u>	\$	\$	\$	\$	\$
<u>14</u>	\$	\$	\$	\$	\$
<u>15</u>	\$	\$	\$	\$	\$
<u>16</u>	\$	\$	\$	\$	\$
<u>17</u>	\$	\$	\$	\$	\$
<u>18</u>	\$	\$	\$	\$	\$
<u>19</u>	\$	\$	\$	\$	\$
<u>20</u>	\$	\$	\$	\$	\$
<u>21</u>	\$	\$	\$	\$	\$
<u>22</u>	\$	\$	\$	\$	\$
<u>23</u>	\$	\$	\$	\$	\$
<u>24</u>	\$	\$	\$	\$	\$
<u>25</u>	\$	\$	\$	\$	\$
<u>26</u>	\$	\$	\$	\$	\$
<u>27</u>	\$	\$	\$	\$	\$
<u>28</u>	\$	\$	\$	\$	\$
<u>29</u>	\$	\$	\$	\$	\$
<u>30</u>	\$	\$	\$	\$	\$
<u>31</u>	\$	\$	\$	\$	\$
<u>32</u>	\$	\$	\$	\$	\$
<u>33</u>	\$	\$	\$	\$	\$
<u>34</u>	\$	\$	\$	\$	\$
<u>35</u>	\$	\$	\$	\$	\$

AMORTIZATION SCHEDULE TO PROMISSORY NOTE

<u>36</u>	\$	\$	\$	\$	\$
<u>37</u>	\$	\$	\$	\$	\$
<u>38</u>	\$	\$	\$	\$	\$
<u>39</u>	\$	\$	\$	\$	\$
<u>40</u>	\$	\$	\$	\$	\$
<u>41</u>	\$	\$	\$	\$	\$
<u>42</u>	\$	\$	\$	\$	\$
<u>43</u>	\$	\$	\$	\$	\$
<u>44</u>	\$	\$	\$	\$	\$
<u>45</u>	\$	\$	\$	\$	\$
<u>46</u>	\$	\$	\$	\$	\$
<u>47</u>	\$	\$	\$	\$	\$
<u>48</u>	\$	\$	\$	\$	\$ (0.00)

## GUARANTEE

In consideration of the willingness of Screenmobile Franchising SPE LLC (“Holder”) to permit (“Maker”) to pay of the Franchise Fee owed to Holder in connection with a Screenmobile Franchising SPE LLC Franchise Agreement and pursuant to the foregoing Promissory Note (“Note”), the undersigned (“Guarantors”), hereby personally and unconditionally: (1) guarantee to Holder and its successors and assigns that Maker shall punctually pay and perform each and every undertaking set forth in the Note; and (2) agree personally to be liable for Maker’s Default under the Note.

Each Guarantor waives: (a) acceptance and notice of acceptance by Holder of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right he or she may have to require that an action be brought against Maker or any other person as a condition of liability; (e) all rights to payments and claims for reimbursement or subrogation which any Guarantor may have against Maker arising as a result of the execution of and performance under this Guarantee by any Guarantor; (f) any law or statute which requires that Holder make demand upon, assert claims against or collect from Maker or any others, foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Maker or any others prior to making any demand upon, collecting from or taking any action against Guarantors with respect to this Guarantee; (g) any and all other notices and legal or equitable defenses to which he or she may be entitled; and (h) any and all right to have any legal action under this Guarantee decided by a jury.

Each Guarantor consents and agrees that: (i) his or her direct and immediate liability under this Guarantee shall be joint and several; (ii) he or she shall render any payment or performance required under the Note upon demand if Maker fails or refuses punctually to do so; (iii) such liability shall not be contingent or conditioned upon pursuit by Holder of any remedies against Maker or any other person; (iv) such liability shall not be diminished, relieved or otherwise affected by any amendment of the Note, any extension of time, credit or other indulgence which Holder may from time to time grant to Maker or to any other person including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this Guarantee, which shall be continuing and irrevocable during the term of the Note and for so long thereafter as there are monies or obligations owing from Maker to Holder under the Note; and (v) monies received from any source by Holder for application toward payment of the obligations under the Note and under this Guarantee may be applied in any manner or order deemed appropriate by Holder.

If any of the following events occur, a default (“Default”) under this Guarantee shall exist: (a) failure of timely payment or performance of the obligations under this Guarantee; (b) breach of any agreement or representation contained or referred to in this Guarantee; (c) the appointment of a guardian for, appointment of a receiver for, assignment for the benefit of creditors of, or the commencement of any insolvency or bankruptcy proceeding by or against, any Guarantor; and/or (d) the entry of any monetary judgment or the assessment against, the filing of any tax lien against, or the issuance of any writ of garnishment or attachment against any property of or debts due any Guarantor. If a Default occurs, the obligations of Guarantors shall be due immediately and payable without notice.

All notices, requests and approvals under this Guarantee shall be in writing and shall be deemed to have been properly given if and when personally delivered, or five (5) days after being sent by certified or registered mail, postage prepaid, return receipt requested, or thirty-six (36) hours after being sent by Federal Express or other overnight courier service providing delivery confirmation, to the address of the party set

forth below or at such other address as any of the parties hereto from time to time may have designated by written notice to the other party.

**IF TO GUARANTORS:** \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**IF TO HOLDER:** Screenmobile Franchising SPE LLC  
7120 Samuel Morse Drive, Suite 300  
Columbia, Maryland 21046

This Guarantee shall be governed by and construed in accordance with the laws of the State of Maryland. Each Guarantor hereby submits to the personal jurisdiction of the state and federal courts located in Maryland, consents to venue in those courts, and agrees that Holder may, at Holder's option, enforce its rights under this Guarantee in those courts. **Each Guarantor waives, to the fullest extent permitted by applicable law, the right to a trial by jury in any action arising out of or relating to this Guarantee or any Default under this Guarantee.**

If Holder brings an action to enforce this Guarantee in a judicial proceeding, the prevailing party in such proceeding shall be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. In any judicial proceeding, these costs and expenses shall be determined by the court and not by a jury.

If Holder utilizes legal counsel (including in-house counsel employed by Holder or its affiliates) in connection with any failure by Guarantors to comply with this Guarantee, Guarantors shall reimburse Holder for any of the above-listed costs and expenses incurred by it.

This Guarantee is personal to the undersigned and is not assignable by Guarantors. This Guarantee is assignable by Holder.

If signed by more than one person or entity, the obligations hereunder shall be joint and several as to each signatory.

Guarantors acknowledge that their obligations under this Guarantee are unconditional and are separate from and independent of any other representations, warranties, commitments, agreements or understandings, whether oral or written, express or implied, between Guarantors and Holder, and that this Guarantee contains the entire agreement of Guarantors and Holder with respect to the subject matter of this Guarantee.

**[signatures on following page]**

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee as of the date first above written:

**GUARANTORS**

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (“Agreement”) is made and entered into as of \_\_\_\_\_, by and between \_\_\_\_\_, a \_\_\_\_\_ formed in \_\_\_\_\_ (“Debtor”), and Screenmobile Franchising SPE LLC, a Delaware limited liability company (“Secured Party”), who agree as follows:

1. **Recitals.** This Agreement is made and entered into with reference to the following facts and circumstances:

A. Debtor and Secured Party entered into a Screenmobile Franchising SPE LLC Franchise Agreement (“**Franchise Agreement**”) under which Debtor was required to pay Secured Party a **Franchise Fee**;

B. Debtor and Secured Party entered into a Promissory Note (“**Note**”) on the same date as this Security Agreement (“**Agreement**”) under which Secured Party agreed to permit Debtor to the Franchise Fee on a payment plan;

C. Debtor is jointly and severally indebted to Secured Party in the principal amount of \$ \_\_\_\_\_ as evidenced by the Note (the “**Indebtedness**”); and

D. As a material inducement for Secured Party’s accepting the Note, Debtor has agreed to secure Debtor’s performance under the provisions and conditions of the Note, the Franchise Agreement, and any other debts Debtor owes to Secured Party by granting to Secured Party a security interest in the collateral described in this Agreement.

2. **Grant of Security Interest.** As security for: (i) Debtor’s timely and complete payment of all amounts owing under the Note, the Franchise Agreement, and of any other debts Debtor owes to Secured Party; and (ii) Debtor’s performance of all of the covenants, obligations and agreements contained in the Note, the Franchise Agreement, this Agreement and all other instruments and documents pertaining to, evidencing or securing the Note, the Franchise Agreement or other debts Debtor owes to Secured Party (and as those instruments and documents may be amended from time to time), Debtor hereby grants, transfers, and assigns to Secured Party a continuing security interest in the following items, property and rights (collectively, “**Collateral**”):

A. All of the personal property of Debtor now and hereafter situated at, used in connection with, relating to or deriving from any SCREENMOBILE Franchised Business (or its successor) pursuant to the Franchise Agreement or otherwise, including without limitation, at those certain premises which are described on Exhibit A, attached hereto and incorporated herein by this reference (“**Premises**”), and the businesses conducted at such Premises, including, without limitation, all present and after-acquired goods, accounts, documents, instruments, money, deposit accounts, chattel paper, inventory, equipment, supporting obligations, investment property, letter of credit rights, and general intangibles; and

B. Debtor’s entire right, title and interest in and to all replacements, rents, profits, substitutions and (or) additions to or of those items referred to in subparagraph 2.A. above, and any proceeds arising from the sale and(or) other disposition of the same (including, without limitation, sums payable for loss under insurance covering the Collateral).

3. **Warranties; Protection of Collateral.** Debtor warrants that it is the owner of the Collateral free of all liens except the lien created hereby. Debtor agrees that it: (a) will properly maintain, repair and preserve the Collateral and insure the same against casualty loss by a policy of insurance covering such risks and in

such amount as the Secured Party may require, with loss payable to Secured Party and will furnish certificates acceptable to Secured Party; (b) will pay in timely fashion all taxes which may become a lien on the Collateral; (c) except with Secured Party's prior written consent, Debtor will make no sale, contract to sell, lease, encumbrance or other disposition of the Collateral nor change its physical location from the Premises above designated; (d) will use the Collateral lawfully and only within insurance coverage and not use the Collateral so as to cause or result in any waste, unreasonable deterioration or depreciation; (e) will permit Secured Party to enter on Debtor's property and to inspect the Collateral at any reasonable time; (f) will not, with the exception of sales of inventory in the ordinary course of business, remove the Collateral from the Premises without the consent of Secured Party except when reasonably necessary for repair or to replace obsolete or worn out items of Collateral; and (g) will execute any additional agreements, assignments or documents that may be deemed necessary or advisable by Secured Party to effectuate the purpose of this Agreement and the protection of the Collateral.

**4. Delivery and Perfection.** Debtor agrees to execute and deliver to Secured Party any other documents reasonably requested by Secured Party to create, maintain, perfect, or assure the priority of the security interest granted above. Debtor hereby appoints Secured Party as its agent and attorney-in-fact to execute and deliver documents and to take all other actions (to the extent permitted by law) in Debtor's name and on Debtor's behalf that Secured Party may deem necessary or advisable to create, maintain, perfect, assure the priority of, or foreclose its security interest in and lien on the Collateral. This appointment is coupled with an interest and is irrevocable as long as any of the Indebtedness remains outstanding.

**5. Default.** The following shall constitute a default by Debtor hereunder:

**A.** Any failure to comply with the provisions of the Franchise Agreement, this Agreement, or any other agreement with Secured Party, or to perform any covenant contained herein.

**B.** Any default by Debtor under the Note or any failure to pay when due any portion of the Indebtedness, including, without limitation, any interest payable thereunder.

**C.** Any loss, theft, substantial damage or destruction of the Collateral or issuance of attachment, levy, garnishment or judicial process with respect to the Collateral.

**D.** Insolvency, bankruptcy, business failure, assignment for benefit of creditors or appointment of a receiver for Debtor or its property.

**E.** Secured Party deeming itself insecure, believing in good faith that the prospect of payment of the Indebtedness (or any portion thereof) or of performance of this Agreement, or any covenant contained herein, is impaired.

**6. Rights and Remedies.** In the event of a default hereunder, Secured Party shall have and shall otherwise be entitled to all rights and remedies provided for or allowed under law. In accordance with the foregoing, and without limitation, Secured Party shall be entitled to:

**A.** Take possession of and protect the Collateral, including the right to remove all persons from the Premises and take sole possession thereof.

**B.** If Secured Party is not then in possession of the Collateral, to require Debtor or any other person in possession of the Collateral to assemble it at Debtor's expenses and make it available to Secured Party at a reasonably convenient place, to be designated by Secured Party.

C. Retain the Collateral in satisfaction of Debtor's obligations, or dispose of the Collateral by public or private sale (at which sale the Secured Party may be a buyer), or commence operation of the Business for Debtor's account. Any sale or operation of the Business shall be deemed to be on Debtor's account unless Secured Party gives Debtor written notice of intent to retain the Collateral in satisfaction of Debtor's obligations. The proceeds of sale or operation for Debtor's account shall be applied in total or partial satisfaction of Debtor's obligations to Secured Party and for Secured Party's costs incurred in proceeding under this paragraph. All proceeds shall be applied first to cover Secured Party's costs, and second to satisfy Debtor's obligations to Secured Party. To the extent there is still any deficiency in the amount Secured Party is owed, Secured Party may collect the same from Debtor, and, to the extent that any excess proceeds exist (after the application of such proceeds as provided for herein and under the law), Secured Party shall pay the same to Debtor.

D. Declare any and all amounts outstanding under the Note to be immediately due and payable.

E. Reduce any claim against Debtor to judgment and enforce any such judgment against Debtor.

F. Take such steps as it may deem appropriate to foreclose upon or otherwise enforce the security interest(s) and lien of this Agreement to secure payment and performance of the Debtor's obligations under this Agreement and the Note.

G. Exercise any and all other rights and remedies available at law or equity or otherwise to Secured Party under this Agreement or the Note.

7. **Nonwaiver.** No delay or omission to exercise any right, power, or remedy accruing to Secured Party upon any breach or default of Debtor under this Agreement shall impair any such right, power, or remedy of Secured Party, nor shall it be construed to be a waiver of any such breach thereafter occurring, nor shall any waiver of any single breach or default theretofore occurring be deemed a waiver of any other breach or default. Any waiver, permit, consent, or approval of any kind under this Agreement, or any waiver on the part of the Secured Party of any provision or condition of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law, or otherwise afforded to Secured Party, shall be cumulative and not alternative.

8. **Notices.** Unless otherwise specifically provided in this Agreement, all notices, demands, or other communications given hereunder will be in writing and pursuant to Section 21 of the Franchise Agreement.

## 9. **Miscellaneous.**

A. This Agreement has been negotiated at arm's length and between persons sophisticated and knowledgeable in the manners dealt with in this Agreement. In addition each party has had the opportunity to consult with experienced and knowledgeable legal counsel. Accordingly, any rule of law or legal decision that would require interpretation of any ambiguities in this Agreement against the party that has drafted it is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose of the parties and this Agreement.

B. In the event of any dispute arising out of this Agreement, or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses incurred in any action, arbitration, mediation, or litigation, including without limitation court costs and reasonable attorneys' fees and disbursements.

C. Any provisions of this Agreement which may be prohibited by law or otherwise held invalid shall be ineffective only to the extent of such prohibition or invalidity and shall not invalidate or otherwise render ineffective the remaining provisions of this Agreement.

D. This Agreement shall be governed by and construed in accordance with the laws of the State of Maryland. Sole and proper venue for any action shall be in the state and federal courts in Maryland.

E. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties hereto.

**DEBTOR:**

By: \_\_\_\_\_

Its: \_\_\_\_\_

EXHIBIT A TO SECURITY AGREEMENT

Premises:

**EXHIBIT C**  
**RENEWAL ADDENDUM**

**RENEWAL ADDENDUM TO THE  
SCREENMOBILE FRANCHISE AGREEMENT**

**THIS RENEWAL ADDENDUM (“Addendum”)** to the SCREENMOBILE Franchise Agreement dated as of \_\_\_\_\_ (“**Franchise Agreement**”) by and between Screenmobile Franchising SPE LLC, a Delaware limited liability company (“**Franchisor**”), \_\_\_\_\_, a [state/entity type] (“**Franchisee**”), and \_\_\_\_\_ ([collectively,] “**Guarantor**”), is entered into simultaneously with the Franchise Agreement.

**RECITALS**

A. Franchisor and Franchisee are parties to a SCREENMOBILE Franchise Agreement dated \_\_\_\_\_ (“**Prior Agreement**”) under which Franchisor granted Franchisee the right to operate the Franchised Business at the Approved Location. The term of the Prior Agreement has expired or will expire soon.

B. Franchisor and Franchisee are executing the Franchise Agreement to renew the rights granted to Franchisee under the Prior Agreement.

C. The individual(s) identified above as “Guarantor;” guaranteed are guarantying Franchisee’s obligations under the Franchise Agreement (the “**Guaranty**”).

D. The parties desire to modify certain provisions of the Franchise Agreement as reflected in this Addendum.

**NOW THEREFORE**, in consideration of the mutual covenants, agreements and obligations set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. **Pre-Opening Obligations Deleted.** Since Franchisee has been operating the Franchised Business pursuant to the Prior Agreement, the parties acknowledge and agree that no provisions of the Franchise Agreement that relate to pre-opening obligations of either party shall be applicable. Franchisee remains required to comply with the conditions for renewal under the Prior Agreement.

2. **Term.** The text of Section 3 of the Franchise Agreement is deleted and replaced with the following:

*“This Agreement will expire on the anniversary of the Agreement Date specified in the Brand Appendix (the “**Expiration Date**”). You will not have ~~an opportunity~~ a contractual right to renew ~~your~~ the franchise rights when the term expires. However, we may in our sole discretion offer you the opportunity to enter into a new agreement with us.”*

3. **Renewal Fee.** Simultaneously with the execution of this Addendum, Franchisee shall pay Franchisor a renewal fee in the amount of \_\_\_\_\_.

4. **Indemnification.** The indemnification obligations under the Prior Agreement survive the expiration of the Prior Agreement.

5. **Release by Franchisee and Guarantor.** In order to induce Franchisor to renew the Franchise rights granted in the Prior Agreement, Franchisee (on behalf of itself and its parent, subsidiaries and affiliates and their respective past and present members, officers, directors, shareholders, agents, and

employees, in their corporate and individual capacities) and Guarantor (each on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, “**Franchisee Releasors**”) freely and without any influence, forever release and covenant not to sue Franchisor, its parent, subsidiaries and affiliates, and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities (collectively, “**Franchisor Releasees**”), with respect to any and all claims, demands, liabilities and causes of action of whatever kind or nature, known or unknown, vested or contingent, suspected or unsuspected (collectively, “**claims**”), that any Franchisee Releasor now owns or holds or may at any time have owned or held, including, without limitation, claims arising under federal, state and local laws, rules and ordinances and claims arising out of, or relating to the Franchise Agreement, ~~the~~ Prior Agreement, ~~and~~ all other agreements existing between any Franchisee Releasor and any Franchisor Releasee, before execution of the Franchise Agreement, the sale of other franchises to any Franchisee Releasor, the development and operation of the Franchised Business, and each Franchisor Releasee’s performance of its obligations under the Prior Agreement and any other agreement between any Franchisor Releasee and any Franchisee Releasor. Franchisee and Guarantor (on behalf of ~~the~~ themselves and the Franchisee Releasors) agree that fair consideration has been given by Franchisor for this release, and they fully understand that this is a negotiated, complete and final release of all of their claims.

FRANCHISEE AND GUARANTOR EACH, ON BEHALF OF ITSELF AND THE FRANCHISEE RELEASORS, WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED IN THIS AGREEMENT BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS THAT THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT.

IF THE FRANCHISE TO WHICH THIS RENEWAL ADDENDUM APPLIES OR IF ANY FRANCHISEE RELEASORS ARE LOCATED IN CALIFORNIA, THE FRANCHISEE RELEASORS EXPRESSLY WAIVE AND ~~RELINQUISH~~ RELINQUISH ALL RIGHTS AND BENEFITS WHICH IT/HE/SHE MAY NOW HAVE OR IN THE FUTURE HAVE UNDER AND BY VIRTUE OF CALIFORNIA CIVIL CODE SECTION 1542. FRANCHISEE RELEASORS DO SO UNDERSTANDING THE SIGNIFICANCE AND CONSEQUENCE OF SUCH SPECIFIC WAIVER. SECTION 1542 PROVIDES THAT “[A]. GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.” FOR THE PURPOSE OF IMPLEMENTING A GENERAL RELEASE AND DISCHARGE AS DESCRIBED HEREIN, FRANCHISEE RELEASORS EXPRESSLY ACKNOWLEDGE THAT THIS AGREEMENT IS INTENDED TO INCLUDE IN ITS EFFECT, WITHOUT LIMITATION, ALL CLAIMS WHICH RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION HEREOF, AND THAT THIS AGREEMENT CONTEMPLATES THE EXTINGUISHMENT OF ANY SUCH CLAIMS.

~~6. — **Guaranty Remains in Effect.** Guarantor agrees that none of the amendments, modifications or supplements to the Franchise Agreement set forth above shall release or discharge them from their obligations under the Guaranty and that the Guaranty shall be and remain in full force and effect.~~

6. ~~7.~~ **Capitalized Terms.** Any capitalized term that is not defined in this Addendum shall have the meaning given to it in the Franchise Agreement.

7. ~~8.~~ **Limited Modification.** Except as expressly modified by this Addendum, the Franchise Agreement ~~remains~~ and the Guaranty remain unmodified and in full force and effect.

~~8.~~ **9. Counterparts.** The ~~parties~~Parties may sign this Addendum in counterparts and each such counterpart may be delivered to the other parties by facsimile or by other electronic copy (such as an accurate PDF copy of the signature page sent by e-mail), and when taken together with all other identical copies of this Agreement also signed in counterpart, shall be considered as one agreement.

IN WITNESS WHEREOF, the parties have executed this Addendum, simultaneously with the Franchise Agreement.

**FRANCHISOR:**  
**SCREENMOBILE FRANCHISING SPE LLC**

**FRANCHISEE:**  
**[PRINT NAME OF COMPANY]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**GUARANTOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_, in their  
individual capacity

Date: \_\_\_\_\_

**EXHIBIT D**  
**SAMPLE OF GENERAL RELEASE**

**SAMPLE OF RELEASE TO BE SIGNED WHEN YOU RENEW OR  
TRANSFER A FRANCHISED BUSINESS**

**Note: Where required by state law, this Release will be modified so that it does not apply to your rights under the state law. Please see Exhibit K to the disclosure document.**

**GENERAL RELEASE**

THIS GENERAL RELEASE is signed by: (i) Screenmobile Franchising SPE LLC (“**Franchisor**”); (ii) the SCREENMOBILE franchisee named at the end of the document (“**Franchisee**” or “**you**”); and (iii) Franchisee’s owners (the “**Owners**”) as an express condition of Franchisee and/or the Owners renewing or transferring their SCREENMOBILE franchise.

1. **Release.** You and each of the Owners, on behalf of yourselves and all past, present and future parents, subsidiaries, shareholders, members, partners, managers, directors, officers, employees, successors, assigns, agents and legal representatives, and any of the aforementioned persons’ heirs, executors, administrators or personal representatives, and all other persons acting on your behalf or claiming under you (collectively, the “**Franchisee Parties**”), hereby release and forever discharge Franchisor, its affiliates, and their respective past and present officers, directors, shareholders, members, parents, subsidiaries, affiliates, agents, employees, attorneys, insurers, representatives, predecessors, successors, and assigns, and each of them, from any and all claims, debts, liabilities, demands, obligations, costs, expenses, suits, actions, and causes of action, of whatever nature, known or unknown, suspected or unsuspected, vested or contingent (collectively, “**Claims**”) that the Franchisee Parties ever had, now have, or may in the future have, arising out of or relating to any act, omission or event occurring on or before the date of this General Release.

2. **Risk of changed facts.** You and the Owners understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts that you and the Owners now know or believe to be true. You and the Owners, on behalf of yourselves and all other Franchisee Parties, hereby accept the risk of the facts turning out to be different and agree that the release will nevertheless be effective and not subject to termination or rescission by virtue of any such difference in facts.

3. **No prior assignment.** You and the Owners, for yourselves and on behalf of all other Franchisee Parties, represent and warrant that the Franchisee Parties have not assigned or transferred, or purported to assign or transfer, any Claim released under Section 1 above to any person or business entity that is not a Franchisee Party.

4. **Covenant not to sue.** You and the Owners, for yourselves and on behalf of all other Franchisee Parties, promise not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum against any person or entity released under Section 1 with respect to any Claim released under Section 1.

5. **Complete defense.** You and each of the Owners: (i) acknowledges that this General Release will be a complete defense to any Claim released under Section 1 above; and (ii) consents to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. **Authorization.** You and the Owners represent and warrant that the person signing this General Release on behalf of Franchisee is authorized to do so. You and the Owners also represent and warrant that you and the Owners have the authority to enter into this General Release on behalf of the other Franchisee Parties.

7. **California Acknowledgment.** If you or the franchise to which this General Release relates is located in California, you and the Owners understand and agree that this release extends to all claims, and you and they expressly

waive all rights under Section 1542 of the Civil Code of the State of California, which provides:

“A general release does not extend to claims which the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

**FRANCHISOR:**

**SCREENMOBILE FRANCHISING SPE LLC**

**FRANCHISEE:**

**[PRINT NAME OF COMPANY]**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**OWNERS:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT E**  
**QUESTIONNAIRE**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE A RESIDENT OF MARYLAND  
OR THE BUSINESS IS TO BE OPERATED IN MARYLAND**

**QUESTIONNAIRE**

*(TO BE COMPLETED BEFORE EXECUTING FRANCHISE AGREEMENT)*

(Not Applicable to Prospective Franchisees in CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA and WI)

You are about to enter into a Franchise Agreement with Screenmobile Franchising SPE LLC (“we,” “us,” or “our”). The purpose of this Questionnaire is to confirm that you understand the terms of the agreement and that no unauthorized statements or promises have been made to you. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

**Note:** If you are purchasing an existing franchised business from an existing franchisee, you may have received information from the transferring franchisee, who is not our employee or representative. The questions below do not apply to any communications that you had with the transferring franchisee.

**1.** Did you receive our Franchise Disclosure Document with an Issuance Date of April ~~25~~29  
~~2023~~2024 (the “FDD”) and deliver to us a signed and dated Receipt for such FDD? \_\_\_\_ Yes \_\_\_\_  
No

**2.** Has any person representing our company (either an employee or an outside person) given you information that is inconsistent with the information in the FDD concerning the investment necessary to start a SCREENMOBILE franchised business? If the answer is “yes,” please (a) identify the person, and (b) describe the information you received from that person in detail below. If the answer is “no,” please write “NONE” below:

---

---

---

**3.** Has any person representing our company given you information that is inconsistent with the information in the FDD concerning the financial performance of SCREENMOBILE franchises? If the answer is “yes,” please (a) identify the person, and (b) describe the information you received from that person in detail below. If the answer is “no,” please write “NONE” below:

---

---

---

**4.** Has any person representing our company given you any other information that is inconsistent with the FDD and is influencing your decision to sign the Franchise Agreement? If the answer is “yes,” please (a) identify the person, and (b) describe the nature of that information in detail below. If the answer is “no,” please write “NONE” below:

---

---

---

\* \* \*

Please understand that your responses to these questions are important to us and that we will rely on them. By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

**FRANCHISE APPLICANT**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT F**  
**FRANCHISEES AS OF DECEMBER 31, ~~2022~~2023**

## ACTIVE FRANCHISEES AS OF DECEMBER 31, 2022

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	# of Territories <u>TERRITORY COUNT</u>
	Erdman	Broek	E3 Endeavors, LLC	603 South Maple Street	Siloam Springs	AR	72761	(479) 715-4600	1 <sup>+</sup>
Arizona	Ballantyne	Jeff	JBTB Screenmobile, LLC	367 S. Arizona Ave Avenue	Chandler	AZArizona	85225	(480) 892-3600 (602) 488-7730	1
Arizona	Barney	Ben and Jessica	Prescott Screenmobile, LLC	7730 E. Acre Way	Prescott Valley	AZArizona	86315	(928) 713-8684 (480) 560-4882	1
Arizona	Barney	Arden and Capri	Screenmobile of Northern Arizona, LLC	P.O. Box 4099 4940 E. Catalina Court	Sedona	AZArizona	86340	(928) 282-6708 713-9456	1
Arizona	Martinson	Ken and Sean Martinson	K&SM, LLC	11840 N. Dragoon Springs	Oro Valley	AZArizona	85737	(480) 892-3600 (520) 820-7044	3
Arizona	Murphy	Marty and Kathy	Murphy Family Trust N/A	8044 E. Redfield Rd.	Scottsdale	AZArizona	85260	(480) 922-8500 326-2897	1
	Rosso	John and Niek	Window Solutions RT, Inc.	17638 N. 25th Ave. #5	Phoenix	AZ	85023	(623) 561-6370	6 <sup>+</sup>
Arizona	Valente	Joe and Rene	JRV Enterprises, LLC	17942 17920 W. Agave Road	Goodyear	AZArizona	85338	(602) 438-8485 (630) 533-0732	1
Arkansas	Erdman	Broek	E3 Endeavors, LLC	603 S Maple Street	Siloam Springs	Arkansas	72761	(479) 549-7493	1
California	Adrian	Brant and Kacey Depuy	Brant Adrian and Kacey Depuy, individually N/A	1128 Highland Court Ct.	Beaumont	CACalifornia	92223	(951) 223-7700 (909) 272-1291	2
California	Canavan	Dave and Lorraine	David Canavan and Lorraine Canavan, individually N/A	40 Prendergast Lane	Corralitos	CACalifornia	95076	(831) 763-9275 750-8108	1
California	Ccasa	Enzo	Ccasa, Inc.	1100 W. Katella Ave., Ste Avenue Suite F	Orange Anaheim	CACalifornia	92867	(714) 529-4140 (562) 708-5531	2
California	Combs	Lance	Lance Combs, individually N/A	P.O. Box 900358 4035 East Ave T 4	Palmdale	CACalifornia	93590	(310) 279-4355 (818) 429-4282	1

<sup>+</sup>2 territories operated in Nebraska and 3 territories operated in Texas.

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY COUNT</u>
California	Corns	Stephen and Stephanie	SKC Unlimited LLC	14502 <del>145</del> Gandesa Rd. Road	La Mirada LaMirada	CA California	90638	(562) 438-4868 781-1501	1
California	D'Antonio	Jonathan	Screen Mobile Screenmobile of Marin, Inc.	13121 Quarterhorse Dr Drive	Grass Valley	CA California	95949	(530) 878-0784 (916) 677-7242	1
California	Figueroa	Christopher Chris	Screenmobile Inland, Inc.	13234 Chukar Ct.	Chino	CA California	91710	(951) 681-6610 (626) 290-2108	12
California	Fraguglia	David	David Fraguglia, individually N/A	973 Las Palmas Drive	Santa Clara	CA California	95051	(408) 778-4999 391-1983	1
California	Frazier	Jason	Jason Frazier, individually N/A	11100 Chappellet Court.	Bakersfield	CA California	93309 93312	(661) 834-2400 221-8227	1
California	Gorman	Greg and Dodie	Mission Screenmobile, Inc.	P.O. Box 1409 205 3rd Street	Solvang	CA California	93463	(805) 683-4640 698-0461	2
California	Grissom	Evan and Jaime Mejia	J&E Mobile Screens, Inc.	11442 Valjean Ave	Granada Hills	CA California	91344	(818) 862-5200 271-0425	4
California	Joy	Christopher	Christopher Joy, individually N/A	43362 62nd St W Street	Lancaster	CA California	93536	(661) 285-1980 (818) 430-8051	1
California	Julian	Mario	Screenmobile #31, Inc.	7581 Pismo Avenue	Hesperia	CA California	92345	(909) 338-1048 725-4179	1
California	Mondy	Daniel Dan	Daniel Mondy, individually N/A	29281 Whitley Collins Dr Drive	Rolling Hills	CA California	90275	(310) 541-8633 427-4879	1
	Oldham	Jason and Larisa	Jason Oldham and Larisa Oldham individually	812 North 5th Ave	Covina	CA	91723	(626) 335-8813	1
California	Pawek	David	David Pawek, an individual N/A	4920 Montecito Ave Avenue	Santa Rosa	CA California	95404	(415) 453-3555 (707) 321-4110	3
California	Pendleton	Matthew Matt	Matthew Pendleton and Dale Dennis, individually N/A	1056 W Aster St.	Upland	CA California	91786	(909) 599-0559 720-9798	3
California	Perez	Raul and Liz	Raul Perez & Elizabeth Maria Perez, individually	83658 Palomar Court	Coachella	CA California	92236	(760) 777-9011 799-4191	1
California	Reedy	Greg	Greg Reedy, individually N/A	10621 Bloomfield St. Street Ste.# 33	Los Alamitos	CA California	90720	(562) 493-8720 (714) 334-2868	1
California	Rider	Frank and Lenore	Frank Rider & Lenore Rider, individually N/A	41095 River Rock Lane	Palmdale	CA California	93351	(805) 653-2352 660-1717	2

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY</u> <u>COUNT</u>
<a href="#">California</a>	Romanski	<a href="#">Joshua Josh</a>	<a href="#">Joshua M. Romanski, an individual</a> <del>N/A</del>	1243 Discovery <del>St.</del> <a href="#">Street</a>	San Marcos	<del>CA</del> <a href="#">California</a>	92078	<del>(760) 751-1138</del> <del>(619) 818-9670</del>	1
<a href="#">California</a>	Rudar	<a href="#">Matthew Matt</a>	<a href="#">Matthew Rudar, individually</a> <del>N/A</del>	28811 Aloma Avenue	Laguna Niguel	<del>CA</del> <a href="#">California</a>	92677	<del>(949) 364-5292</del> <del>254-3242</del>	1
	<del>Russo</del>	<del>Mark</del>	<del>Mark Russo, individually</del>	<del>19278 Cottonwood Dr</del>	<del>Desert Hot Springs</del>	<del>CA</del>	<del>92241</del>	<del>(760) 322-0500</del>	<del>1</del>
<a href="#">California</a>	Streep	Rod	<a href="#">Roderiek Nathaniel Streep, individually</a> <a href="#">Screenmobile 196, Inc.</a>	2840 Fletcher Parkway #204	El Cajon	<del>CA</del> <a href="#">California</a>	92020	<del>(619) 280-2280</del> <del>884-0254</del>	1
<a href="#">California</a>	Verbrugge n	<a href="#">Alexander Alex</a>	<a href="#">SD Screenmobile, Inc.</a>	5311 Via <del>Carancho</del> <del>Carnacho</del>	San Diego	<del>CA</del> <a href="#">California</a>	92111	<del>(858) 759-0920</del> <del>(619) 672-7216</del>	2
<a href="#">California</a>	<a href="#">Walker</a>	<a href="#">Austin</a>	<a href="#">Padre Bay Corporation</a>	<a href="#">72050 Corporate Drive</a>	<a href="#">Thousand Palms</a>	<a href="#">California</a>	<a href="#">92276</a>	<a href="#">(760) 343-3800</a>	<a href="#">2</a>
<a href="#">California</a>	<a href="#">Winters</a>	<a href="#">Tim</a>	<a href="#">N/A</a>	<a href="#">2027 E. Petunia St.</a>	<a href="#">Glendora</a>	<a href="#">California</a>	<a href="#">91740</a>	<a href="#">(626) 224-7211</a>	<a href="#">2</a>
	<del>Winters</del>	<del>Timothy and Kelli</del>	<del>Timothy and Kelli Winters, individuals</del>	<del>411 E Huntington Dr Suite 107</del>	<del>Areadia</del>	<del>CA</del>	<del>91006</del>	<del>(626) 657-2240</del>	<del>1</del>
<a href="#">California</a>	Wlasichuk	Brandon	<a href="#">Brandon Wlasichuk, individually</a> <a href="#">Screenmobile of Central California, Inc.</a>	142 Old Line Ct.	Exeter	<del>CA</del> <a href="#">California</a>	93221	<del>(559) 421-9401</del> <del>786-4934</del>	2
<a href="#">Colorado</a>	Kancir	<del>Rick and Sue</del>	The Screen Mobile #61, Inc.	9412 S. Crestmore Way	Highlands Ranch	<del>CO</del> <a href="#">Colorado</a>	80126	<del>(303) 470-6100</del> <del>570-9118</del>	1
<a href="#">Colorado</a>	Schuckenbrock	<del>Ed and Mariah</del>	Mile High Window and Door Screens, Inc.	<del>P.O. Box 270433</del> <del>5134 S Perry Street</del>	Littleton	<del>CO</del> <a href="#">Colorado</a>	80127	<del>(303) 933-1616</del> <del>525-7702</del>	1
<a href="#">Florida</a>	Albarado	Adam	Coxswain Enterprises, Inc.	107 Maddox Street	Santa Rosa Beach	<del>FL</del> <a href="#">Florida</a>	32459	<del>(850) 842-5588</del> <del>(850) 420-4798</del>	1
	<del>Anthony</del>	<del>Osborne</del>	<del>JS&amp;K Screening, LLC</del>	<del>3920 NW 115th Avenue</del>	<del>Coral Springs</del>	<del>FL</del>	<del>33065</del>	<del>(561) 931-6644</del>	<del>1</del>
<a href="#">Florida</a>	Farber	<del>Ginny and Adam and Evan</del>	Two Handymen, LLC	1023 Water Tower Way #103	<del>Hypoluxo</del> <del>Hypoluxo</del>	<del>FL</del> <a href="#">Florida</a>	33462	<del>(561) 214-6700</del> <del>255-4300</del>	2
<a href="#">Florida</a>	Frankel	<del>Leo</del> <a href="#">Leonard</a>	Porch Swing Investment, Inc.	1425 55th Ct. SW	Vero Beach	<del>FL</del> <a href="#">Florida</a>	<del>32968</del> <del>32969</del>	<del>(704) 763-4985</del>	2
<a href="#">Florida</a>	Logan	<del>Flack and Kelly</del>	Logan Family Ventures, LLC	<del>P.O. Box 374</del> <del>129 Chanteclair Cir.</del>	Gulf Breeze	<del>FL</del> <a href="#">Florida</a>	<del>32562</del> <del>32561</del>	<del>(850) 972-9500</del> <del>341-8993</del>	1

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY COUNT</u>
Florida	Ropohl, Roman		Sun State Screen, LLC	1318 Lorea Lane	Brandon	FL Florida	33511	(813) 768-9191 (941) 557-3225	3
Florida	Rowe	Lauren	<del>Lauren Rowe, individually</del> N/A	712 Sweetbrier Rd. 4228 Placid Drive 2331 63rd Ave E.	Orlando	FL Florida	32806	(407) 917-2288 595-8796	1
Florida	Westman	Paul	West Coast Screens Corp.	Suite M	Sarasota Bradenton	FL Florida	34242 34203	(941) 222-2200 (423) 503-1213	1
Georgia	Hale	Melissa	Melissa Hale, LLC	579 Turkey Trott Trail	Richmond Hill	GA Georgia	31324	(912) 417-6900 755-0579	1
Georgia	Meeks	Brandon	SDG Enterprises, LLC	372 Abbington Way	Clarksville Clarkesville	GA Georgia	30523	(678) 865-4001 552-0910	1
Georgia	Raridon	Scott	<del>Scott Raridon, individually</del> N/A	955 Bridgemill Ave	Canton	GA Georgia	30114	(770) 345-1373 315-6499	1
Georgia	Santos	Lionel	XLLNT, LLC	259 Telephone Street	Thomson	GA Georgia	30824	(706) 945-2111	1
Idaho	Callen	<del>Dean and Jolyn</del> Jolyn	Dean Callen and Jolyn Callen, <del>individually</del>	9340 Lorinda St.	Boise	ID Idaho	83704	(208) 375-5447 859-3293	1
	Briska	Jim	Briska Enterprises, Inc.	1607 Birmingham Lane	Crystal Lake	IL	60014	(847) 852-7070	1
Illinois	Patlan	Josue and Alfonso	Patlan Management Group, LLC	1344 Fulton Ave.	Winthrop Harbor	IL Illinois	60095	(312) 856-2064 (224) 538-1590	1
Indiana	Bowman	Billy	<del>Billy Hugh Bowman, II, individually</del> N/A	4688 E. County Rd 200 N	New Castle	IN Indiana	47362	(765) 524-1848 730-4909	1
Indiana	DeBoer	<del>Tim</del> Timothy	<del>Tim DeBoer And Debbier DeBoer, individuals</del> N/A	13620 Muir St.	Cedar Lake	IN Indiana	46303	(219) 786-0002 313-2337	1
Indiana	Johnston	Ross	RA Johnston, LLC	PO Box 56078 8070 Castleton Rd Unit 332	Indianapolis	IN Indiana	46256 46250	(317) 430-1705 407-7745	2
Miller Indiana	Ladig Alex and Rhonda	Ladig	Fort Wayne Screens, LLC	604 Nuttman Ave 3714 North Wells St.	Fort Wayne	IN Indiana	46817 46808	(260) 264-0200 (574) 807-1342	1
Indiana	Lynch	Shannon	SABS Enterprise, LLC	4504 Blenheim Road	Louisville	Kentucky	40207	(310) 428-4913	2

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY COUNT</u>
<u>Indiana</u>	<del>Van Tholen</del> <u>VanTholen</u>	Nathan and <del>Lori</del>	L2MB, LLC	8730 W. 125th Place	Cedar Lake	<del>IN</del> <u>Indiana</u>	46303	(219) <del>895-6333</del> <u>789-3517</u>	1 <sup>1</sup>
	<del>Prentice</del>	<del>Scott and Jennifer</del>	<del>KP3, LLC</del>	<del>15809 Howe St.</del>	<del>Overland Park</del>	<del>KS</del>	<del>66224</del>	<del>(816)-209-1199</del>	<del>1</del>
<u>Kansas</u>	Werner	Scott	Anchor & Vines, Inc.	6366 Walker Street	Shawnee	<del>KS</del> <u>Kansas</u>	66218	(913) <del>320-2255</del> <u>653-3491</u>	1
<u>Kentucky</u>	<u>Robbins</u>	<u>Regis</u>	<u>Screen Logic, LLC</u>	<u>8070 Reading Road Ste 10</u>	<u>Cincinnati</u>	<u>Ohio</u>	<u>45237</u>	<u>(859) 982-2725</u>	4 <sup>2</sup>
	<del>Lynch</del>	<del>Shannon and Amy</del>	<del>SABS Enterprise, LLC</del>	<del>4504 Blenheim Rd.</del>	<del>Louisville</del>	<del>KY</del>	<del>40207</del>	<del>(502)-595-9575</del>	<del>2</del>
<u>Louisiana</u>	Baucom	Glenn	G2B2 Enterprises, LLC	152 Twin Point <del>Drive</del> <u>Dr.</u>	Benton	<del>LA</del> <u>Louisiana</u>	71006	<del>(318)-333-5300</del> <u>(513) 418-1928</u>	1
<u>Maryland</u>	<u>McGrath</u>	<u>Blake</u>	<u>Screenmobile of Delmarva, LLC</u>	<u>164 Winter Harbor Drive</u>	<u>Ocean City</u>	<u>Maryland</u>	<u>21842</u>	<u>(443) 944-6017</u>	<u>1</u>
<u>Massachusetts</u>	McHugh	Jack	<del>Jack McHugh, individually</del> <u>N/A</u>	4 Lilac <del>Lane</del> <u>Ln.</u>	Chelmsford	<del>MA</del> <u>Massachusetts</u>	<del>01824</del> <u>1824</u>	(781) <del>253-1111</del> <u>953-7123</u>	1
<u>Massachusetts</u>	Nelson	Britney	Nelson Ventures, LLC	<del>P.O. Box 1209</del> <u>219 Cedar Drive</u>	Lakeville	<del>MA</del> <u>Massachusetts</u>	02347	<del>(774)-222-7242</del> <u>(401) 338-4749</u>	1
<u>Minnesota</u>	<u>Huldeen</u>	<u>Bill</u>	<u>Screenmobile Minnesota Corporation</u>	<u>190 Loretto Street</u>	<u>Loretto</u>	<u>Minnesota</u>	<u>55357</u>	<u>(612) 597-8465</u>	<u>1</u>
	<del>McGrath</del>	<del>Blake and Cindy</del>	<del>Screenmobile of Delmarva, LLC</del>	<del>164 Winter Harbor Drive</del>	<del>Ocean City</del>	<del>MD</del>	<del>21842</del>	<del>(410)-520-0025</del>	<del>1</del>
<u>Minnesota</u>	Huldeen	Bill and <del>Butch</del>	William Huldeen & Butch Huldeen, <del>individually</del>	190 Loretto Street	Loretto	<del>MN</del> <u>Minnesota</u>	55357	<del>(763)-473-0180</del> <u>(612) 597-8465</u>	3 <sup>2</sup>
<u>Mississippi</u>	<u>Sinopoli</u>	<u>Ray</u>	<u>Screen Tech, LLC</u>	<u>120 Surgeres Place</u>	<u>Ocean Springs</u>	<u>Mississippi</u>	<u>39564</u>	<u>(228) 697-8413</u>	<u>1</u>
<u>Missouri</u>	Cates	John	Screenmobile of the Ozarks, LLC	1821 W. Sunset	Springfield	<del>MO</del> <u>Missouri</u>	65807	(417) <del>883-4114</del> <u>429-5513</u>	1
<u>Missouri</u>	Johnson	Preston	<del>Tammy Johnson, individually</del> <u>N/A</u>	9622 Foothills <del>Rd.</del> <u>Road</u>	Excelsior <del>Springs</del>	<del>MO</del> <u>Missouri</u>	64024	(816) <del>368-9980</del> <u>206-9968</u>	1
<u>Missouri</u>	<u>Prentice</u>	<u>Scott</u>	<u>KP3, LLC</u>	<u>15809 Howe Street</u>	<u>Overland Park</u>	<u>Kansas</u>	<u>66224</u>	<u>(630) 209-0434</u>	<u>1</u>

<sup>1</sup> 1 Operates in Kentucky

<sup>2</sup> 3 Operate in Ohio

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	# of Territories <u>TERRITORY COUNT</u>
<u>Missouri</u>	Segelle	Mark <del>and</del> Judy	Segelle Corporation	28 Old Knaust Road	St. Peters	<del>MO</del> Missouri	63376	<del>(636)373-8900</del> (636) 675-7888	1
	Sinopoli	Ray	Screen Tech, LLC	120 Surgeres Place	Ocean Springs	MS	39564	(228) 325-8822	1 <sup>2</sup>
	Wren	Phil and Joan	The Screenmobile #63, LLC	2645 Forest Bend Drive	Southaven	MS	38671	(901) 383-2555	1 <sup>2</sup>
<u>Montana</u>	McPherson Sevalstad	Mike Dolan	McSev, LLC	36 Hawk Drive	Great Falls	<del>MT</del> Montana	59404	<del>(406) 564-9101</del> 788-9991	1
<u>Nebraska</u>	Rosso	Nick	Window Solutions RT, Inc.	14803 Custer Rd. Suite 1	Omaha	Nebraska	68136	(402) 250-9812	3 <sup>3</sup>
<u>Nevada</u>	Fauria	Garritt	The Screenmobile #66, LLC	2219 Enterprise Way #1	Minden	Nevada	89423	(775) 790-3993	1
<u>Nevada</u>	Gordon	Kelly	Screenmobile SM 40, LLC	9022 Crooked Ct.	Las Vegas	Nevada	89123	(818) 642-7449	1
<u>Nevada</u>	Holfeltz	Joshua R.	Legendary Assets, LLC	5940 S. Rainbow Boulevard, Suite 400 #454558	Las Vegas	Nevada	89118	(707) 972-4686	1
<u>New Hampshire</u>	Harrington	Luke	Seacoast Screens, LLC	15 Palm Dr.	Greenland	New Hampshire	03840	(978) 595-4958	1
	Chess	Jason	Chess, LLC	1319 Military Cutoff Road, Suite CC #123	Wilmington	NC	28405	(910) 599-4671	1
	McCutecheon	Trevor and Alisa	Screenmobile of the Triad, Inc.	1505 Mineral Springs Road	Madison	NC	27025	(336) 790-0246	2
	Wenner	Jason and Jen	Carolina Screens, LLC	3309 Green Park Circle	Charlotte	NC	28217	(704) 631-3983	5
<u>New Jersey</u>	DeGise	David	DPDG, LLC	70 Krattiger Court	West Milford	<del>NJ</del> New Jersey	<del>07814</del> 07481	<del>(973) 582-3513</del> (201) 522-0583	1
<u>New Jersey</u>	Dunatov	Rino <del>and</del> Stephanie	5D Screens, LLC	P.O. Box 512 Heatherhill Rd.	Demarest	<del>NJ</del> New Jersey	07627	(201) 899-3800 892-2123	1
<u>New Jersey</u>	Greenberg	Evan	Screenberg, Inc.	85 Dehart Dr. Drive	Belle Mead	<del>NJ</del> New Jersey	08502	(732) 978-9800 991-3323	1

<sup>2</sup> This territory operated in Tennessee.

<sup>3</sup> 1 Operates in Arizona

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	# of Territories <u>TERRITORY COUNT</u>
<u>New Jersey</u>	Harper	Peter	Harper Screening Corp.	452 Richmond Ave <u>Avenue</u>	Maplewood	<del>NJ</del> New Jersey	07040	(973) 525-2838 (646) 270-5765	1
<u>New Jersey</u>	Repici	TJ-and Holly	Thomas J. Repici, Jr., individually of Cape-Atlantic, LLC	900 W Hand Ave <u>Avenue</u>	Cape May Court House	<del>NJ</del> New Jersey	08210	(609) 465-5688 780-3714	1
<u>New Jersey</u>	Ryan	Chris-and Tina	CTCM Enterprises, LLC	50 Cherry Blossom Dr. <u>Drive</u>	Monroe Township	<del>NJ</del> New Jersey	08831	(732) 521-3800 (908) 812-3582	1
<u>North Carolina</u>	<u>Chess</u>	<u>Jason</u>	<u>Chess, LLC</u>	<u>1319 Military Cutoff Road Suite CC# 123</u>	<u>Wilmington</u>	<u>North Carolina</u>	28405	(310) 220-5119	<u>1</u>
	Fauria	Garritt	The Screenmobile #66, LLC	PO-Box-606	Minden	NV	89423	(775) 323-3306	1
<u>North Carolina</u>	Gordon McCutcheon	Kelly Trevor	Screenmobile SM-40 of the Triad, Inc.	9022 Crooked Ct <u>1505 Mineral Springs</u>	Las Vegas Madison	NV North Carolina	89123 27025	(818) 700-1210 (336) 382-6335	12
<u>North Carolina</u>	<u>Wenner</u>	<u>Jason</u>	<u>Carolina Screens, LLC</u>	<u>3309 Green Park Circle</u>	<u>Charlotte</u>	<u>North Carolina</u>	28217	(704) 604-7863	<u>5<sup>4</sup></u>
	Rose	Don and Sheila	Screenmobile-55, LLC	9451 W Washburn Rd	Las Vegas	NV	89149	(702) 363-6103	1
<u>Ohio</u>	Butler	Jonathan	Screenmobile Columbus, LLC	3621 Lifestyle Blvd.	Columbus	OH Ohio	43219	(614) 868-8663 557-3079	1
<u>Ohio</u>	Milanovich	Jeff	614 Screens, LLC	6343 Cook Road	Powell	OH Ohio	43065	(740) 494-2800 (614) 359-7029	1
	Robbins	Regis	Screen-Logic, LLC	8070 Reading Road Suite 10	Cincinnati	OH	45237	(513) 964-4055	4
<u>Ohio</u>	Teetzel	Andrew	Teetzel Industries, LLC	49101 Stick Road	Amherst	OH Ohio	44001	(216) 350-7555 (614) 582-0553	1
<u>Oklahoma</u>	Hohn	Dave-and Dee	Screenmobile of Oklahoma City, LLC	754 County Street #2966	Tuttle	OK Oklahoma	73089	(405) 376-6200 203-0041	1
<u>Oklahoma</u>	James	Brandon	Arklahoma Home Solutions, Inc. LLC	1740 Deer Run Road	Ft. Gibson	OK Oklahoma	74434	(918) 940-9955 541-7777	1
<u>Pennsylvania</u>	Hubbard	Mark	Mark Hubbard, individually N/A	5990 University Blvd <u>Suite, Ste. 12 #232</u>	Coraopolis	PA Pennsylvania	15108	(412) 376-8900 (724) 544-1849	1

<sup>4</sup> 1 Operates in South Carolina

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY COUNT</u>
<a href="#">South Carolina</a>	Flaig	Brad <del>and</del> Lucas	Screenmobile of Charleston, LLC	1000 Johnnie Dodds Blvd. Ste 103-315	Mt. Pleasant	<del>SC</del> <a href="#">South Carolina</a>	29464	(843) 414-3800 (443) 848-1945	1
<a href="#">South Carolina</a>	Jones	Casey	2 <del>THE MAY</del> <a href="#">The May</a> , LLC	257 Pinckney Colony <del>Road</del> <a href="#">Rd.</a>	Bluffton	<del>SC</del> <a href="#">South Carolina</a>	29910	(843) 815-5580 422-3025	1 <sup>3</sup>
	<del>Rambish</del>	<del>Marvin</del>	<del>Sereenmobile of the Piedmont, LLC</del>	<del>3337 Moore Duncan Hwy #5</del>	<del>Moore</del>	<del>SC</del>	<del>29369</del>	<del>(864) 641-7476</del>	<del>2</del>
<a href="#">South Carolina</a>	Symington	PJ	Klein Begin Enterprises, LLC	1754 Coventry <del>Rd</del> <a href="#">Road</a>	Surfside Beach	<del>SC</del> <a href="#">South Carolina</a>	29575	(843) 712-7175 (267) 683-0089	1
<a href="#">Tennessee</a>	McDougall	<del>Chuck and</del> Lisa	Screenmobile of Nashville, Inc.	3318 Miller Lane	Santa Fe	<del>TN</del> <a href="#">Tennessee</a>	38442	(615) 366-4010 (760) 880-0113	1
<a href="#">Tennessee</a>	<a href="#">Parker</a>	<a href="#">Jodi</a>	<a href="#">Nicholas Parker &amp; Jodi Parker</a>	<a href="#">150 Country Lane</a>	<a href="#">Coldwater</a>	<a href="#">Mississippi</a>	38618	(901) 598-6147	<a href="#">1</a>
<a href="#">Tennessee</a>	Stump	Errol <del>and</del> Amber	Screenmobile of Knoxville, Inc.	5230 Trumpet Vine Lane	Knoxville	<del>TN</del> <a href="#">Tennessee</a>	37918	(865) 908-8484 (951) 805-5043	1
<a href="#">Texas</a>	Basye	Michael <del>and</del> Cindy	<del>Michael and Cynthia Basye, individually</del> <del>Cin &amp; Mic Enterprises, Inc.</del>	2261 Northpark Drive #545	Kingwood	<del>TX</del> <a href="#">Texas</a>	77339	(281) 601-4200 706-4140	1
<a href="#">Texas</a>	Cheeseman	Dwain <del>and</del> Cindy	DCC Creative Enterprises, LLC	127 W. Fabra Lane	Boerne	<del>TX</del> <a href="#">Texas</a>	78006	(201) 756-5700 (830) 998-0350	1
<a href="#">Texas</a>	Lacanaria	<del>Erie and</del> Josie	Aloha Screen Service Incorporated	108 Orvieto Cove	Liberty Hill	<del>TX</del> <a href="#">Texas</a>	78642	(512) 219-6800 688-3090	1
<a href="#">Texas</a>	Shryer	Eric	Screenmobile Management, Inc.	605 S. Sherman Street, <del>Suite C</del>	Richardson	<del>TX</del> <a href="#">Texas</a>	75081	(214) 440-3651 (972) 890-1942	4
<a href="#">Utah</a>	Boyer	Kirk	KB Screening, LLC	234 W. 700 S.	<del>Springville</del> <a href="#">Springfield</a>	<del>UT</del> <a href="#">Utah</a>	84663	(801) 377-1717 (801) 372-0445	1
<a href="#">Utah</a>	Creer	Steve	Deep Creek R&R, Inc.	927 N. Pinion Hills	Dammeron Valley	<del>UT</del> <a href="#">Utah</a>	84783	(435) 986-9640 (702) 346-8886	1
<a href="#">Utah</a>	McKell	Doug <del>and</del> Lisa	<del>Doug McKell &amp; Lisa McKell, individually</del> <del>N/A</del>	8816 S. 2070 W.	West <del>Jordon</del> <a href="#">Jordan</a>	<del>UT</del> <a href="#">Utah</a>	84088	(801) 975-7007 244-5525	1

<sup>3</sup>This territory was transferred from Zach, Debbie and Rolland Black (257 State Road, S7-50, Bluffton, SC 29909; telephone: (843) 298-2450)

<u>OPERATIONAL STATE</u>	<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>ENTITY NAME</u>	<u>STREET ADDRESS</u>	<u>CITY</u>	<u>STATE</u>	<u>ZIP CODE</u>	<u>Telephone Number</u> <u>PHONE</u>	<u># of Territories</u> <u>TERRITORY COUNT</u>
<a href="#">Virginia</a>	<a href="#">Firkel</a>	<a href="#">Christopher</a>	<a href="#">CNME, LLC</a>	<a href="#">310 Horseshoe Rd.</a>	<a href="#">South Mills</a>	<a href="#">North Carolina</a>	<a href="#">27976</a>	<a href="#">(252) 398-7780</a>	<a href="#">1</a>
<a href="#">Virginia</a>	<a href="#">Hof</a>	<del>Robert and Nanette</del> <a href="#">Rob</a>	<a href="#">CMB71, Inc.</a>	<a href="#">300 Riley Street</a>	<a href="#">Falls Church</a>	<del>VA</del> <a href="#">Virginia</a>	<a href="#">22046</a>	<del>(571) 446-0111</del> <a href="#">(703) 786-1833</a>	<a href="#">1</a>
<a href="#">Virginia</a>	<a href="#">Reyes</a>	<del>Chuck and Dana</del>	<del>CDR Enterprises, Inc.</del> <a href="#">LLC</a>	<a href="#">12424 Farrington Road</a>	<a href="#">Ashland</a>	<del>VA</del> <a href="#">Virginia</a>	<a href="#">23005</a>	<del>(804) 755-5900</del> <a href="#">(804) 874-4324</a>	<a href="#">1</a>
<a href="#">Virginia</a>	<del>Skoloda</del> <a href="#">Sklododa</a>	<a href="#">Joey</a>	<del>Joey Skoloda, an individual</del> <a href="#">N/A</a>	<del>520 S. Abingdon</del> <a href="#">Abington</a> Street	<a href="#">Arlington</a>	<del>VA</del> <a href="#">Virginia</a>	<a href="#">22204</a>	<del>(703) 831-3388</del> <a href="#">981-9809</a>	<a href="#">1</a>
<a href="#">Virginia</a>	<a href="#">Taylor</a>	<del>Bradley</del> <a href="#">Brad</a>	<del>Bradley Taylor, individually</del> <a href="#">N/A</a>	<del>8676 Night Watch Ct.</del>	<a href="#">Bristow</a>	<del>VA</del> <a href="#">Virginia</a>	<a href="#">20136</a>	<del>(571) 833-9700</del> <a href="#">(434) 409-6450</a>	<a href="#">1</a>
<a href="#">Virginia</a>	<a href="#">Wheat</a>	<a href="#">Neal</a>	<a href="#">Mean Low Water, LLC</a>	<a href="#">7307 George Washington Memorial Hwy. Ste 2 #779</a>	<a href="#">Yorktown</a>	<del>VA</del> <a href="#">Virginia</a>	<a href="#">23692</a>	<del>(757) 941-7337</del> <a href="#">291-8857</a>	<a href="#">1</a>

**FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED AS OF DECEMBER 31, 2023**

	<u>LAST NAME</u>	<u>FIRST NAME</u>	<u>ENTITY NAME</u>	<u>STREET ADDRESS</u>	<u>CITY</u>	<u>STATE</u>	<u>ZIP CODE</u>	<u>PHONE</u>	<u>TERRITORY COUNT</u>
<a href="#">Florida</a>	<a href="#">Marmino</a>	<a href="#">Joseph</a>	<a href="#">Joseph Marmino, Jr.</a>	<a href="#">4504 Broad Porch Run</a>	<a href="#">Land O Lakes</a>	<a href="#">Florida</a>	<a href="#">34638</a>	<a href="#">(559) 901-5487</a>	<a href="#">1</a>
<a href="#">Indiana</a>	<a href="#">Johnson</a>	<a href="#">Timothy</a>	<a href="#">Porch Guru, LLC</a>	<a href="#">2205 S. Michigan Street</a>	<a href="#">South Bend</a>	<a href="#">Indiana</a>	<a href="#">46613</a>	<a href="#">(630) 981-7245</a>	<a href="#">1</a>
<a href="#">Tennessee</a>	<a href="#">Mccue</a>	<a href="#">Carter</a>	<a href="#">Carter Scott McCue and Keegan K. McCue</a>	<a href="#">2905 Haddox Place</a>	<a href="#">Spring Hill</a>	<a href="#">Tennessee</a>	<a href="#">37174</a>	<a href="#">(760) 625-7398</a>	<a href="#">1</a>

**~~SIGNED FRANCHISE AGREEMENT BUT NOT OPENED AS OF DECEMBER 31, 2022~~**

Last Name	First Name	Entity Name	Address	City	State	Zip	Telephone Number	# of Territories
Winters	Tim and Nik	Individuals	2027 E. Petunia St	Glendora	CA	91740	(626) 686-9600	±
Harrington	Luke and Holly	Seacoast Screens, LLC	15 Palm Dr.	Greenland	NH	03840	(603) 697-7770	±
Firkel	Christopher	CNME, LLC	310 Horshoe Rd.	South Mills	NC	27976	(757) 818-0585	±

**EXHIBIT G**  
**FRANCHISEES ~~WHO~~THAT EXITED A FRANCHISE ~~AS OF DECEMBER 31, 2022~~IN 2023**

**FRANCHISEE WHO EXITED A FRANCHISE IN 2022**

**FRANCHISEES THAT EXITED A FRANCHISE AS OF DECEMBER 31, 2023**

<u>OPERATIONAL STATE</u>	LAST NAME	FIRST NAME	ENTITY NAME	<u>STREET ADDRESS</u>	CITY	STATE	ZIP CODE	Telephone Number PHONE	# of Territories TERRITORY COUNT	
Florida	Anthony	Osborne	JSAK Screening LLC	3920 NW 115th Avenue	Coral Springs	Florida	33065	(954) 913-1382	1	
South Carolina	Rambish	Marvin	Screenmobile of the Piedmont, LLC	3337 Moore Duncan Hwy #5	Moore	South Carolina	29369	(864) 804-7320	2	
	Ballantyne	Jeff	JBTB Screenmobile LLC	367 S. Arizona Avenue	Chandler	AZ	85225	(480) 892-3600	3	
	Gatling	Geoff	Geoff Gatling, an individual	2761 Renee Dr.	Myrtle Beach	CA	29579	(631) 332-2076	1	
	D'Antonio	Christopher	Robert Christopher D'Antonio, and individual	7210 Castlerock Ct.	Placer	CA	95672	(530) 320-4832	2	
	Walker	Guy	Guy Walker, an individual	1620 Sagewood Way	San Marcos	CA	92078	(760) 213-6666	1	
	Shulman	Steve	Screenmobile of Broward, LLC	7577 NW 25th St.	Margate	FL	33063	(954) 494-6063	1	
	Wilson	Ian	The IRC Group, Inc.	2214 Douglas Street	Charleston	IL	61920	(217) 276-9334	1	
	Wenner	Jason & Jenn	Wenner Industries, Inc.	205 Barberry Dr.	Belmont	NC	28012	(704) 631-3983	1	
	Clifton	Robie	Screenmobile of Wilmington, Inc.	109 Colonade Ct.	Benson	NC	27504	(910) 599-4671	1	
rs Texas	David Rosso	Nick	Screenmobile of Charlotte Austin, LLC	409 Meacham St. 14803 Custer Road Ste 1	Charlotte Omaha	NC	28203 Nebraska	68138	(704) 936-6157 (402) 250-9812	5
	Harris	Jim and Janet	Jim Jan, Inc.	5637 Preston Loop	Mebane	NC	27302	(336) 504-6279	1	
	McCleary Bend Rd	Sevierville	TN	37876	(865) 599-3219				1	

**FRANCHISEES THAT EXITED A FRANCHISE AS OF DECEMBER 31, 2023 (TRANSFERS)**

NONE

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

**EXHIBIT H**  
**OPERATIONS MANUAL TABLE OF CONTENTS**

# PROCEDURAL MANUAL

## Table of Contents

### CHAPTER 1: INTRODUCTION

How to Use This Manual.....	1-2
Confidential Disclosure Agreements.....	1-3

### CHAPTER 2: WELCOME TO SCREENMOBILE

Welcome Letter.....	2-2
Mission Statement.....	2-3
Why is Screenmobile Successful?.....	2-4
Screenmobile History.....	2-5
Screenmobile Management.....	2-6
Company Principles.....	2-11
Our Promises.....	2-11
Legal, Advisory Management Support Team.....	2-13

### CHAPTER 3: PRE-TRAINING AND SUPPORT RESOURCES

Overview.....	3-1
Training Overview Chart.....	3-2
Franchisee Support Chart.....	3-5
Additional Trainings.....	3-7
Conventions and Regional Meetings.....	3-7
Screenmobile Pre-Opening Steps Chart.....	3-18
Step One.....	3-19
Step Two.....	3-10
Step Three.....	3-11
Step Four.....	3-13
Step Five.....	3-16
Step Six.....	3-17
Step Seven.....	3-21
Step Eight.....	3-22



Step Nine .....3-23

Step Ten.....3-23

**CHAPTER 4: BRAND POSITIONING/TEAM BUILDING AND YOUR ROLE**

What is a Brand Anyway? .....4-2

Why is Branding important? .....4-2

What is Your Role in Branding? .....4-3

What is our Positioning Then? .....4-4

Our Common Goal .....4-4

What is a Team? .....4-5

How to Participate .....4-5

Other Team Principles to Learn By .....4-6

**CHAPTERS: SCREENMOBILE SYSTEM STANDARDS**

Quality Standards of Service Overall .....5-2

Screenmobile Standards .....5-2

**CHAPTER 6: PROPRIETARY INFORMATION AND BEST PRACTICES**

Trademarks and Trade Secrets Protection .....6-2

Introduction to Screenmobile Committees .....6-4

Royalty information.....6-6

Best Practices .....6-7

Handling Customer Complaints .....6-13

Complaint Guidelines .....6-14

Touch Points.....6-15

**CHAPTER 7: SETTING UP YOUR BUSINESS**

Initial Stationery and Marketing Packages .....7-2

Initial Equipment.....7-3

Initial Technology .....7-4

Uniform Start Up.....7-4

Vehicle Signage Package .....7-5





Start Up Tool List .....7-5

Initial Vehicle Instructions ...7-6

Initial Inventory .....7-6

**CHAPTER 8: BUSINESS EDUCATION**

Setting Up Your Entity .....8-2

Legal Business Structures.....8-2

Types of Structures.....8-3

Setting Up The New Corporation.....8-6

Legal Status .....8-8

Financing Alternatives.....8-8

Accounting Method .....8-9

Accounting Service .....8-10

Record Keeping.....8-12

Collections and Accounts Receivable Management.....8-21

QuickBooks Online .....8-22

Business Basics .....8-2S

Business Basics Review .....8-35

**CHAPTER 9: INSURANCE REQUIREMENTS & RISK MANAGEMENT**

General Insurance Coverage .....9-2

Risk Management .....9-5

Managing Risk at the Franchise Location or Job Site.....9-5

**CHAPTER 10: CUSTOMER SERVICE**

Ten Commandments of Customer Service .....10-2

On the Job Etiquette .....10-3

Greeting the Customer .....10-4

Establishing the Customers' Needs .....10-5

Giving an Accurate Estimate of Work .....10-6

Walk Up Customers .....10-6

Communications with Your Office.....10-7



Giving Customers Choices .....10-7

Finishing the Job ..... 10-8

Dealing with Irate Customers ..... 10-9

What the Pros Have to Say About Customer Service.....10-12

**CHAPTER 11: SCREENMOBILE MARKETING/LEAD GENERATION**

Marketing Plans Overview..... 11-2

Develop Your Marketing Plan..... 11-3

Marketing Budget Worksheet..... 11-3

Using Salespeople to Generate Revenue..... 11-5

Using Your Customer Data bases Effectively ..... 11-6

Types of Marketing..... 11-7

**CHAPTER 12: SCREENMOBILE SALES TRAINING**

In Person Selling-Six Stages of a Sale..... 12-2

Selling Over the Phone ..... 12-4

Screenmobile Sales/Pricing Binder..... 12-5

Up Selling for More Profit ..... 12-5

The Importance of Referrals ..... 12-7

Invest In Customer Relationships..... 12-9

**CHAPTER 13: STAFFING YOUR COMPANY**

A Word on Legal Compliance ..... 13-2

Staffing Resources ..... 13-3

Staffing your Screenmobile Franchise ..... 13-5

Position Descriptions with Profiles ..... 13-7

Independent Contractors..... 13-15

**CHAPTER 14: OFFICE PROCEDURES**

Introduction..... 14-2

Getting Your Office Ready ..... 14-4

Creating File Folders ..... 14-5





Office Equipment.....14-8

QuickBooks and RazorSync .....14-11

Office Positions .....14-12

Office Daily Duties and Workflow.....14-13

Managing Customer Communications.....14-15

Incoming Phone Calls .....14-17

Capturing the Appointment.....14-21

**Scheduling Tips .....14-21**

Outgoing Message .....14-22

**CHAPTER 15: FIELD PROCEDURES**

Preparation.....15-4

Paperwork and Paperflow .....15-7

Invoice/Payment Handling.....15-9

Getting Payment.....15-12

End of Day Invoice Handling .....15-14

**CHAPTER 16: SAFETY ISSUES**

Window Screen Safety and Roll Down Blinds.....16-2

Chop Saw .....16-8

Vehicle Maintenance .....16-9

Towing Safety .....16-13

Trailer Loading and Safety .....16-13

Ladder Safety .....16-17

Trailer Work Space .....16-18

First-Aid **Kit** .....16-19

Personal Safety Issues .....16-20

Safety Tools .....16-23

Work Place Safety Programs .....16-23



**CHAPTER 17: EMAIL AND WEBSITTS**

Screenmobile Intranet Site ..... 17-4

Your Screenmobile Website ..... 17-S

Screenmobile Email Program..... 17-13

SEO..... 17-14

**CHAPTER 18: YOUR SCREENMOBILE TRAILER**

General Information ..... 18-2

Trailer Lights..... 18-3

Trailer Hookup ..... 18-5

Generator Issues ..... 18-8

Trailer Maintenance ..... 18-11

Trailer Inventory ..... 18-12

Trailer Materials Storage ..... 18-13

Frame Loading..... 18-17

Warranty..... 18-20

**CHAPTER 19: YOUR STORAGE FACILITY**

Getting Garage Ready..... 19-2

Basic Garage Setup Diagram ..... 19-3

Window Screen Frame Storage ..... 19-4

Sliding Door Storage..... 19-5

Accessory Tracks Storage..... 19-7

Small Parts Storage ..... 19-7

Spline Storage ..... 19-8

Screen Fabric Storage ..... 19-9

In-Shop Manufactured Storage ..... 19-10

Trailer Storage..... 19-11

Commercial Shop Layout ..... 19-12

**CHAPTER 20: PRICING GUIDE**

Developing a Pricing Strategy ..... 20-2





The Difference Between Cost and Value.....20-3

Covering Fixed and Variable Costs.....20-4

Cost Plus Pricing.....20-4

Value Based Pricing.....20-4

Pricing Tactics.....20-5

Raising and Lowering Prices.....20-6

Pricing Worksheets.....20-7

**Chapter 21: Exit Strategies**

Develop an Exit Plan .....21-2

How Long Does It Take To Sell A Franchise? .....21-3

How Much Can I Sell My Franchise For? .....21-3

Key Fact .....21-4

Valuing a Small Business .....21-5

Secondary Factors .....21-10

Does The Franchisor Sell It For Me? .....21-11

Resale Assistance Program.....21-12

Completing the Transfer Process.....21-14

Training Requirement.....21-15

# PRODUCTION GUIDE

## Table of Contents

### 1 Tools and Terminology

- 1.1 Common Screening Tools
- 1.4 Fabric Manufacturers
- 1.6 Types of Fiberglass Screen
- 1.9 Types of Aluminum Screen
- 1.10 Sun Control Screen

### 2 Window Screens

- 2.1 Window Screen Terminology
- 2.4 Types of Windows
- 2.5 Framing
- 2.6 Fabrics
- 2.10 Frame Corners
- 2.10 Spline
- 2.11 Lift Clips, Fasteners, Springs+ Mounts
- 2.15 Custom Window Screen Applications
- 2.20 Installation Instructions

### 3 Sun Control Products

- 3.1 Sun Control Fabrics
- 3.5 Sun Control Panels
- 3.6 Specialty Shapes
- 3.7 Roll-Down Solar Shades
- 3.9 Interior Solar Shades
- 3.10 Awnings
- 3.11 Horizontal Roll-Out Shades

### 4 Sliding Screen Doors

- 4.1 Types of Sliding Screen Doors

### 5 Swinging Screen Doors

- 5.2 Swinging Screen Door Terminology
- 5.4 Swinging Screen Door Types+ Materials
- 5.5 Standard Swinging Screen Doors
- 5.7 Aluminum Grill Security Doors
- 5.8 Stainless Steel Mesh Security Doors
- 5.9 Swinging Storm Doors
- 5.10 Wood Swinging Doors
- 5.11 Steel Security Doors
- 5.12 Installation Instructions

### 6 Security Products

- 6.1 Types of Security Products
- 6.4 Steel Frame Security Doors+ Window Guards
- 6.5 Stainless Steel Security Doors+ Windows
- 6.7 Aluminum Security Doors
- 6.8 Rolling Security Shutters
- 6.11 Installation Instructions

### 7 Retractable Doors + Windows

- 7.1 Types of Retractable Screen Doors
- 7.4 Retractable Door Colors
- 7.6 Retractable Windows

### 8 Pet Products

- 8.1 Pet Guards
- 8.2 Pet Doors
- 8.2 Pet Resistant Screens

### 9 Screen Enclosures

- 9.3 Specialty Tools
- 9.6 Basic Screen Panels
- 9.9 Using 1/2" x 1" Extrusion
- 9.10 Using 2" x 2" Extruded
- 9.13 Building a Basic Enclosure with 2" x 2"
- 9.17 Chair Rails
- 9.18 Pickets
- 9.20 Kick Panels
- 9.21 Single+ Double Wall Systems
- 9.21 Archway Trim
- 9.22 Sculpting
- 9.23 Using Motorized Roll Downs
- 9.24 Using Screen Tight
- 9.28 Using ScreenEze
- 9.31 Using Screen Design Velcro Attached Panels
- 9.32 Using Mosquito Curtain
- 9.33 Building Acrylic Weatherizing Panels
- 9.34 PGT Eze Breeze Systems
- 9.38 Porch Conversions
- 9.39 Pool Enclosures
- 9.41 Pricing Variables

## **10 Motorized + Large Format Screens**

- 10.1 A Note on Electrical Work
- 10.4 Components of a Motorized Screen
- 10.5 Manual Roll-Down Screens
- 10.6 Large Format Screens

## **11 Awnings**

- 11.1 Awnings Overview
- 11.4 Standard Patio Awnings
- 11.5 Window and Door Awnings
- 11.6 European Cassette Style Awnings
- 11.7 Patio Awnings with Drop Shades
- 11.8 Awning Motors, Remotes, Sensors, and Automation
- 11.9 Notes on Awning Installation

## **12 Patio Products**

- 12.1 Patio Products Overview
- 12.3 Solid Patio Cover Roofs
- 12.6 Lattice Structures
- 12.8 Sunrooms
- 12.9 Carports
- 12.10 Under Decking Systems
- 12.12 Hand Railing Systems
- 12.13 Golf Ball Screens

## **13 Interior Window Fashions**

- 13.1 Honeycomb Shades
- 13.3 Faux Wood Blinds
- 13.7 Installation Instructions

## **14 Garage Screens**

- 14.1 Types of Garage Screens
- 14.3 Sliding Screen Doors
- 14.4 Motorized Roll-Down Screens
- 14.5 PGT Side Slider Screens
- 15.6 Lifestyle Garage Screens

## **15 Best Practices**

## **16 Safety Issues**

## **17 Vendor Lists+ Information**

**EXHIBIT I**  
**FINANCIAL STATEMENTS**

# **AB Assetco LLC and Subsidiaries**

## **Consolidated Financial Statements**

**As of December 31, 2023 and 2022 and for the Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

**AB Assetco LLC and Subsidiaries**  
**Index to Consolidated Financial Statements**  
**As of December 31, 2023 and 2022 and for the Years Ended**  
**December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

	<u>Page</u>
Report of Independent Auditors	1-2
Consolidated Financial Statements	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Member's Equity	5
Statements of Cash Flows	6
Notes to Financial Statements	7-25



## Report of Independent Auditors

To the Board of Directors of Authority Brands Inc.

### ***Opinion***

We have audited the accompanying consolidated financial statements of AB Assetco LLC and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, of changes in member's equity and of cash flows for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matter***

As discussed in Note 3 to the consolidated financial statements, the Company changed the manner in which it accounts for goodwill in 2023. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

### ***Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of



assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 US 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.

*PricewaterhouseCoopers LLP*

April 15, 2024

**AB Assetco LLC and Subsidiaries**  
**Consolidated Balance Sheets**  
*(In thousands)*

	As of December 31,	
	2023	2022
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,063	\$ 217
Accounts receivable, net	23,790	21,716
Inventory, net	2,742	2,789
Prepaid expenses and other current assets	6,362	5,526
Total current assets	34,957	30,248
Property and equipment, net	32,492	32,039
Intangible assets, net	396,713	416,494
Goodwill, net	270,017	291,784
Other assets	11,940	9,547
Total assets	\$ 746,119	\$ 780,112
<b>Liabilities and Member's Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 1,425	\$ 1,714
Accrued and other liabilities	9,547	10,194
Deferred revenue	9,952	3,499
Total current liabilities	20,924	15,407
Other long-term liabilities	28,004	28,775
Total liabilities	48,928	44,182
Member's equity	697,191	735,930
Total liabilities and member's equity	\$ 746,119	\$ 780,112

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

**AB Assetco LLC and Subsidiaries**  
**Consolidated Statements of Operations**  
*(In thousands)*

	<b>Years Ended December 31,</b>		<b>For the Period From</b>
	<b>2023</b>	<b>2022</b>	<b>May 14, 2021 to December 31, 2021</b>
<b>Revenues</b>			
Franchise service fees	\$ 172,290	\$ 154,607	\$ 85,659
Franchise sales fees	12,947	5,045	2,736
Other revenues	33,830	31,121	15,737
Total revenues	<u>219,067</u>	<u>190,773</u>	<u>104,132</u>
<b>Costs and expenses</b>			
Franchise support expenses	114,910	92,890	42,359
Franchise sales expenses	4,905	2,520	2,049
General and administrative expenses	23,962	23,692	20,103
Stock-based compensation expenses	3,817	4,409	5,950
Depreciation and amortization	63,526	30,882	19,306
Total costs and expenses	<u>211,120</u>	<u>154,393</u>	<u>89,767</u>
Operating income	7,947	36,380	14,365
Interest income	269	197	-
Interest expense, net	(36)	(12)	(25)
<b>Net income</b>	<b><u>\$ 8,180</u></b>	<b><u>\$ 36,565</u></b>	<b><u>\$ 14,340</u></b>

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

**AB Assetco LLC and Subsidiaries**  
**Consolidated Statements of Changes in Member's Equity**  
**Years Ended December 31, 2023 and 2022 and for the**  
**Period From May 14, 2021 to December 2021**  
*(In thousands)*

	<b>Total Member's Equity</b>
<b>Balances at May 14, 2021</b>	<b>\$ 10,000</b>
Contributions of assets and liabilities	684,482
Stock-based compensation	5,950
Distribution to Guarantor	(25,915)
Net income	14,340
<b>Balances at December 31, 2021</b>	<b>688,857</b>
Contributions of assets and liabilities	75,743
Stock-based compensation	4,409
Distribution to Guarantor	(69,644)
Net income	36,565
<b>Balances at December 31, 2022</b>	<b>735,930</b>
Contributions of assets and liabilities	17,915
Stock-based compensation	3,817
Distribution to Guarantor	(68,651)
Net income	8,180
<b>Balances at December 31, 2023</b>	<b>\$ 697,191</b>

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

**AB Assetco LLC and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

	Year Ended December 31, 2023	Year Ended December 31, 2022	For the Period From May 14, 2021 to December 31, 2021
<b>Cash flows from operating activities</b>			
Net income	\$ 8,180	\$ 36,565	\$ 14,340
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Depreciation and amortization	73,928	37,282	20,460
Inventory reserve (reduction) increase	(37)	(41)	337
Bad debt expense	2,244	1,025	570
Stock-based compensation	3,817	4,409	5,950
Changes in assets and liabilities			
Accounts receivable	(4,111)	(2,037)	(5,961)
Inventory	83	49	(592)
Prepaid expenses and other current assets	(820)	(1,884)	842
Other assets	(2,393)	(785)	(1,515)
Accounts payable	(290)	421	220
Accrued liabilities	(644)	(3,838)	(2,754)
Other liabilities	(44)	6	(183)
Deferred revenue	3,002	2,528	1,915
Net cash provided by operating activities	<u>82,915</u>	<u>73,700</u>	<u>33,629</u>
<b>Cash flows from investing activities</b>			
Purchases of property and equipment	(770)	(491)	(7,021)
Capitalized software development costs	(11,648)	(11,517)	(2,524)
Net cash used in investing activities	<u>(12,418)</u>	<u>(12,008)</u>	<u>(9,545)</u>
<b>Cash flows from financing activities</b>			
Distribution to Guarantor	(68,651)	(69,644)	(25,915)
Net cash used in financing activities	<u>(68,651)</u>	<u>(69,644)</u>	<u>(25,915)</u>
<b>Increase/(Decrease) in cash and cash equivalents</b>	1,846	(7,952)	(1,831)
<b>Cash and cash equivalents</b>			
<b>Beginning of year</b>	<u>\$ 217</u>	<u>\$ 8,169</u>	<u>\$ 10,000</u>
<b>End of year</b>	<u>\$ 2,063</u>	<u>\$ 217</u>	<u>\$ 8,169</u>
<b>Supplemental disclosures of cash flow information</b>			
Interest paid	\$ 36	\$ 12	\$ 7
<b>Noncash investing and financing activities</b>			
Capital expenditures included in accrued liabilities	715	860	1,049
Contribution of assets and liabilities, net of cash	17,695	75,564	684,482

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

## AB Assetco LLC and Subsidiaries

### Notes to Consolidated Financial Statements (in thousands of dollars)

Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

#### 1. Organization and Description of Business

AB Assetco LLC and Subsidiaries (“the Company” or “AB Assetco”), a Delaware limited liability company, is the parent company of a number of franchisors and related businesses operating in the United States. On March 24, 2021, in contemplation of a whole business securitization (the “Securitization Transaction”) which was completed on May 14, 2021 (“Securitization Transaction Date”) see Note 2, fifteen wholly owned entities were established by Authority Brands Inc. (the “Parent), the entity controlling AB Assetco. The first three entities formed in conjunction with the planned Securitization Transaction were AB SPE Guarantor LLC and Subsidiaries (“Guarantor”), a direct, wholly-owned subsidiary of the Parent, AB Issuer LLC and Subsidiaries (“Issuer”), a newly formed special purpose Delaware limited liability company, which is directly and wholly owned by Guarantor, AB Assetco LLC and Subsidiaries, which is directly and wholly owned by Issuer.

AB Assetco wholly owns the following Special Purpose Entities (“SPE”):

- The Cleaning Authority Franchising SPE LLC ("The Cleaning Authority Franchisor")
- Homewatch CareGivers Franchising SPE LLC ("Homewatch Franchisor")
- Mosquito Squad Franchising SPE LLC ("Mosquito Squad Franchisor")
- ASP Franchising SPE LLC ("ASP Franchisor")
- Benjamin Franklin Franchising SPE LLC ("Benjamin Franklin Franchisor")
- Mister Sparky Franchising SPE LLC ("Mister Sparky Franchisor")
- One Hour Air Conditioning Franchising SPE LLC ("One Hour Air Conditioning Franchisor")
- Monster Franchising SPE LLC ("Monster Franchisor")
- STOP Franchising SPE LLC ("STOP Franchisor")
- DoodyCalls Franchising SPE LLC ("DoodyCalls Franchisor")
- BuyMax SPE LLC ("BuyMax SPE")
- Successware SPE LLC ("SuccessWare SPE")
- Junkluggers Franchising SPE LLC ("Junkluggers Franchising SPE") - formed in 2022
- Screenmobile Franchising SPE LLC ("Screenmobile Franchisor") - formed in 2023
- Authority Brands Payments SPE LLC ("AB Payments") - formed in 2023

The consolidated financial statements of the Company includes its wholly owned subsidiaries identified above. Guarantor and the Company are collectively referred to as Guarantors. Guarantor, Issuer, AB Assetco and its subsidiaries are collectively referred to as “Securitization Entities.”

Concurrent with the Securitization Transaction, the Parent contributed assets and liabilities attributable to the Securitization Entities to Guarantor. Guarantor then contributed all its assets and liabilities to Issuer and Issuer contributed all its assets and liabilities received from Guarantor to AB Assetco. Following the initial contribution, subsequent franchises sold under the SPE trade names are sold by each individual SPE entity. As these transactions represented an asset transfer among entities under common control, the transfers were accounted for by the Company at historical carrying values on a prospective basis.

**AB Assetco LLC and Subsidiaries****Notes to Consolidated Financial Statements (in thousands of dollars)****Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

Other than a cash contribution of \$10,000 from Parent, the Company had no significant activity from the date of formation to the Securitization Transaction Date. Accordingly, the Company and its subsidiaries commenced operations on May 14, 2021, and approximately seven and a half months of operating activity was included in the accompanying consolidated financial statements for the period from May 14, 2021 to December 31, 2021.

On November 30, 2022 (“HELOC Transaction Date”), Binford Aggregator LP, a Delaware limited partnership, (“the Buyer”), indirectly owned by affiliates of Apax Partners Fund X and British Columbia Investment Management Corp (“BCI”), became the sole limited partner of Authority Brands Inc.’s Parent, Villa Aggregator LP (the “Partnership” or the “Seller”), indirectly owned by Apax Partners Fund IX, whereby the Buyer acquired 100% of the issued and outstanding equity interests of Villa Aggregator LP (collectively the “HELOC Transaction”). The HELOC Transaction qualified as a change of control in accordance with ASC 805. However, the Company did not elect pushdown accounting as a result of the HELOC Transaction and accordingly, the acquisition is not reflected in these consolidated financial statements.

In connection with the HELOC Transaction, the Parent entered into the Binford Aggregator LP Executive Equity Incentive Plan (the “2022 Plan”). All awards granted and outstanding under the Villa Aggregator LP Amended and Restated Executive Equity Incentive Plan (the “2018 Plan”) vested as of the HELOC Transaction Date, as a result of the change in control, and were rolled over or settled in cash on the HELOC Transaction Date. As a result, the Parent allocated stock-based compensation expense for the awards attributed to the Company that vested on the HELOC Transaction Date. Refer to Note 11 Stock-based Compensation for further information.

The Company is a single member LLC and is governed by the March 24, 2021 Limited Liability Company Agreement of AB Assetco LLC, as subsequently amended and restated on May 14, 2021, the same date as the Company commenced operations. The Company’s fiscal year ends on December 31. Dollar values presented in the consolidated financial statements are in thousands of U.S. dollars, unless otherwise stated.

Franchised outlets as of December 31, 2023, 2022 and 2021 are summarized as follows:

	Franchises as of December 31, 2022	Acquired During the Period	Opened During the Period	Closed During the Period	Reacquired by Franchisor	Franchises as of December 31, 2023
Ben Franklin	275	-	64	(15)	-	324
Mister Sparky	138	-	31	(6)	-	163
One Hour	352	-	52	(19)	-	385
Homewatch	222	-	16	(25)	-	213
Mosquito Squad	213	-	15	(11)	-	217
The Cleaning Authority	218	-	13	(10)	-	221
America's Swimming Pool	364	-	38	(27)	-	375
Monster	247	-	15	(45)	-	217
DoodyCalls	72	-	17	(3)	-	86
Screenmobile	-	150	2	(7)	-	145
STOP/DRYmedic	27	-	19	(3)	-	43
Junkluggers	115	-	28	(8)	-	135
<b>Total</b>	<b>2,243</b>	<b>150</b>	<b>310</b>	<b>(179)</b>	<b>-</b>	<b>2,524</b>

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

	Franchises as of December 31, 2021	Acquired During the Period	Opened During the Period	Closed During the Period	Reacquired by Franchisor	Franchises as of December 31, 2022
Ben Franklin	255	-	24	(4)	-	275
Mister Sparky	115	-	23	-	-	138
One Hour	341	-	16	(5)	-	352
Homewatch	210	-	22	(10)	-	222
Mosquito Squad	221	-	5	(13)	-	213
The Cleaning Authority	211	-	10	(3)	-	218
America's Swimming Pool	348	-	37	(21)	-	364
Monster	244	-	12	(9)	-	247
DoodyCalls	53	-	22	(3)	-	72
STOP/DRYmedic	28	-	2	(3)	-	27
Junkluggers	-	97	29	(8)	(3)	115
<b>Total</b>	<b>2,026</b>	<b>97</b>	<b>202</b>	<b>(79)</b>	<b>(3)</b>	<b>2,243</b>

**2. Contributed Assets and Liabilities**

**Screenmobile**

On February 8, 2023, the Parent entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of The Screenmobile Corporation. Concurrent with the acquisition, the Parent formed Screenmobile Franchising SPE, LLC and legally contributed the assets and liabilities of The Screenmobile Corporation to the Company.

The following table summarizes the historical carrying values of the assets and liabilities contributed to the Company:

Cash	\$ 220
Accounts Receivables	198
Prepaid expenses and other current assets	25
Goodwill	8,403
Intangible assets, net	11,860
Deferred revenue	(2,652)
Other current liabilities	(139)
<b>Total contribution to AB Assetco</b>	<b>\$ 17,915</b>

**Junkluggers**

On December 14, 2022, the Parent entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of Junkluggers Franchising, LLC. Subsequent to the acquisition, on December 31, 2022, the Parent formed Junkluggers Franchising SPE, LLC and legally contributed the assets and liabilities of Junkluggers Franchising, LLC to the Company.

## AB Assetco LLC and Subsidiaries

### Notes to Consolidated Financial Statements (in thousands of dollars)

Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

The following table summarizes the historical carrying values of the assets and liabilities contributed to the Company on December 31, 2022.

Cash	\$	179
Accounts Receivables		399
Prepaid expenses and other current assets		103
Goodwill		42,913
Intangible assets, net		36,898
Deferred revenue		(8,089)
Other current liabilities		(1,405)
<b>Total contribution to AB Assetco</b>	<b>\$</b>	<b>70,998</b>

#### DRYmedic

On November 4, 2022, the Parent entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of DRYmedic Restoration Services, LLC and its subsidiaries. Subsequent to the acquisition, on November 22, 2022, the Parent legally contributed the trademark of DRYmedic to STOP Franchisor with fair value of \$4,745.

#### Securitization Transaction

Prior to the Securitization Transaction, Parent contributed cash of \$10,000 to the Company. Additionally, on the Securitization Transaction Date, Parent and its subsidiaries contributed assets and liabilities attributable to the Company.

The following table summarizes the historical carrying values of the assets and liabilities contributed to the Company on May 14, 2021:

Accounts Receivables	\$	14,914
Prepaid expenses and other current assets		4,382
Inventory		2,541
Property and equipment, net		19,621
Goodwill		249,072
Intangible assets, net		422,096
Other long term assets		7,225
Deferred revenue		(7,384)
Other current liabilities		(15,612)
Other long term liabilities		(12,373)
<b>Total contribution to AB Assetco</b>	<b>\$</b>	<b>684,482</b>

### 3. Summary of Significant Accounting Policies

#### Financial Statement Preparation and Principles of Consolidation

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles and practices of the United States of America ("GAAP") and include the accounts of the Company and its wholly owned subsidiaries outlined in Note 1. All intercompany accounts and transactions have been eliminated in consolidation. There is no other comprehensive income, and net income equals comprehensive income. Due to the Securitization Transaction, the accompanying consolidated financial statements are presented for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

Parent uses a centralized approach to payments and cash management. These arrangements are not reflective of the manner in which the Company would have operated had it been a stand-alone business separate from Guarantor and the Parent during the periods presented. Centralized payment arrangements, to the extent not settled, are reflected as due to Guarantor on the consolidated balance sheets. As of December 31, 2023 and 2022, there are no amounts due to Guarantor but rather, for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, the Company made periodic distributions in excess of the amounts due to Guarantor. Net distributions in the amount of \$68,651, \$69,644 and \$25,915 are reflected in the consolidated statements of changes in member's equity as

## **AB Assetco LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements (in thousands of dollars)**

#### **Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

distribution to Guarantor for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, respectively.

Parent provides a variety of services to the Company. The consolidated statements of operations include direct expenses, such as compensation and benefits for employees of the Company, that would have been incurred in the ordinary course of business if the Company had operated as a stand-alone company. Such direct expenses were included based on specific identification and are reflected primarily in franchise support expenses. The consolidated statements of operations also include expense allocations for services and certain support functions that are provided on a centralized basis by Parent such as legal, business development, human resources, corporate accounting and finance, treasury and various other Parent corporate functions. These parent expenses are allocated by either specific identification or based on revenue of the Company relative to the Parent's other subsidiaries and are reflected in the consolidated statements of operations primarily in general and administrative expenses.

For the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, the Parent allocated \$10,739, \$10,191 and \$7,050, respectively, of general and administrative expenses to the Company. For the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, the Parent allocated \$3,817, \$4,409 and \$5,950 of stock-based compensation expense, respectively, of which \$2,453, \$3,181 and \$1,390 was specific identification by unit holder and \$1,364, \$1,228 and \$4,560 was allocated based on revenue, respectively. Refer to Note 12 Related Parties for further information.

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain 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. The areas that require the use of management estimates include stock-based compensation and the carrying value of goodwill. Actual results could differ from those estimates.

#### **Revenue Recognition**

Revenue is recognized in accordance with Accounting Standards Codification ("ASC") 606 - Revenue from Contracts with Customers, using a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The following describes principal activities from which the Company generates its revenues and the associated revenue recognition policies:

##### *Franchise Revenue*

Franchise revenue consists of royalty, national advertising, local advertising, software fees, call center and initial franchise fees charged to franchisees. The Company administers the national advertising fund ("NAF") which is funded by the franchisees and is used to pay for the costs of preparing and producing various advertising and marketing materials for the franchisees.

The Company's primary performance obligation under franchise agreements is granting rights to use the Company's intellectual property over the term of the franchise agreement. Brand royalty and NAF fees are primarily based on a percentage of franchisee sales and the Company recognizes revenue for these fees as they become billable when the underlying franchisee sales occur. These fees are generally billed on a monthly basis. Fixed franchise and NAF fees, which are included in certain brand franchise agreements, are recognized on a straight-line basis over the franchise agreement term. Initial franchise fees are not associated with a service distinct from the overall initial franchise right performance obligation and are therefore recognized on a straight-line basis over the franchise agreement term. The advertising funded through the NAF benefits the franchise brands overall, rather than the individual franchise owners, and therefore is not a performance obligation separate from the overall franchise right. Any underspending of NAF contributions is recorded as accrued and other liabilities on the consolidated balance sheets.

Local advertising, software and call center services provide a distinct benefit from the franchise right and are therefore separate performance obligations. Fees associated with these services are generally billed as a monthly fixed or usage-based amount and are recognized as revenue as the services are performed either on a straight-line basis over the contract term if the fee is fixed or as invoiced if the fee is based on usage.

Franchise revenue, except for initial franchise fees, is included in franchise services fees on the consolidated statements of operations. Initial franchise fees are included in franchise sales fees on the consolidated statements of operations.

## **AB Assetco LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

#### *Product Sales Revenue*

The Company sells products to franchisee and non-franchisee customers. Revenue for product sales in which the Company has inventory risk is recognized at a point in time when control transfers to the buyer, which is generally when the product is shipped to the customer. Payment is due within a short period of time after the shipment.

The Company acts as an agent in respect of certain third-party products that are sold through the Company's online platform. The Company has no inventory risk on these products as they are drop shipped to the end customer and the third-party vendor is primarily responsible for fulfilling the order. The Company therefore recognizes revenue at an amount equal to the net fees received after payment to the third-party vendor.

The Company recognized \$10,366, \$9,588 and \$5,620 of revenue from Product sales for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, respectively in other revenues on the consolidated statements of operations.

Obligations arising for returns, refunds, and other assurance warranties are infrequent and are not significant to the consolidated financial statements for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. These taxes are recorded as a liability when the amounts are billed to franchisees and the liability is relieved when payments are made to the respective taxing authority.

#### *Rebates*

Rebates received from third-party vendors in return for the Company maintaining a buying program that connects the vendors with the Company's franchisee customers are recognized as revenue as they become due, which is generally on a monthly basis. Rebates are calculated as a percentage of third-party sales. The Company recognized \$15,723, \$15,906 and \$7,399 of rebates in other revenue on the consolidated statements of operations for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

#### *Software Service Revenue*

Software service revenue consists of the Company's software and mobile product services that are provided on a continuous basis for the contractual period. Where the Company has determined that the customer obtains a right to access our software, the Company recognizes revenue on a straight-line basis over the contractual term beginning when the customer has access to the service. Software service revenue is typically billed on a monthly basis. The Company's performance obligation is satisfied evenly over time. The Company recognized \$6,632, \$7,084 and \$6,752 of software service revenue for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, respectively, in franchise service fees on the consolidated statements of operations.

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. These taxes are recorded as a liability when the amounts are billed to franchisees and the liability is relieved when payments are made to the respective taxing authority.

#### *Contract Balances*

Contract assets, which relate to fixed franchise and NAF fees for certain franchise agreements, are amounts for which revenue has been recognized but the Company's right to consideration is conditional upon performing further service. Current contract assets are included in prepaid expenses and other current assets. The long-term contract asset balance is included in other assets on the consolidated balance sheets.

Contract liabilities are amounts collected, or an unconditional right to consideration (receivable) in advance of delivery of goods or services. Contract liabilities are typically related to billed amounts for obligations that have not yet been satisfied and therefore may not be recognized until conditions of the contract are met. Contract liabilities consist of initial franchise fees. Initial franchise fees are collected near the execution date of the franchise agreement and recognized on a straight-line basis over the franchise agreement term. The current portion of contract liabilities is included in deferred revenue on the consolidated balance sheets. Long-term contract liabilities are included in other long-term liabilities on the consolidated balance sheets.

Contract assets and liabilities acquired in a business combination are accounted for in accordance with ASU 2021-08 – Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The Company accounts for the acquisition of contract assets and liabilities as if the Company had entered into the original contract at the same date and on the same terms as the seller. Therefore, contract assets and liabilities acquired are recognized at the same amount recorded by the seller.

## AB Assetco LLC and Subsidiaries

### Notes to Consolidated Financial Statements (in thousands of dollars)

Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

The following table presents closing balances of contract assets and liabilities as of December 31, 2023 and 2022:

	Balance at December 31,		Location on the Consolidated Balance Sheets
	2023	2022	
Contract assets - short-term	\$ -	\$ 406	Prepaid expenses and other current assets
Contract liabilities - short-term	9,952	3,499	Deferred revenue
Contract liabilities - long-term	27,640	28,439	Other long-term liabilities

The Company recognized revenue of \$7,557, \$3,609 and \$1,765 for amortization of initial franchise fees for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021 in franchise sales fees on the consolidated statements of operations, respectively.

#### *Costs Incurred to Obtain a Contract with Customers*

The Company capitalizes commissions paid to brokers that are a direct result of obtaining a new franchise agreement and amortizes these costs over the franchise agreement period. These costs are capitalized in prepaid expenses and other current assets and other assets on the consolidated balance sheets. The Company recognized \$1,810, \$675 and \$334 of commission costs in franchise support expenses on the consolidated statements of operations for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, respectively.

#### **Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable balances are pooled based on similar risk characteristics and credit risk is assessed based on historical experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions. Uncollectible accounts are written off against the allowance when collection of the amounts appears doubtful.

As of December 31, 2023 and 2022 the allowance for doubtful accounts was \$4,425 and \$2,356, respectively. For the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, the Company recognized bad debt expense of \$2,244, \$1,025 and \$570 and had write-offs of uncollectible accounts of \$175, \$403, and \$29 respectively.

#### **Cash and Cash Equivalents**

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents. Cash consists primarily of cash on hand and cash on deposit. The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

#### **Inventory**

Inventory consists of products, materials and equipment to be sold and is stated at the lower of cost or net realizable value, with cost determined using weighted-average, on a first-in, first-out method. Inventory is assessed on an annual basis for slow moving and obsolete items and as of December 31, 2023 and 2022, the Company had an inventory reserve of \$379 and \$416, respectively.

#### **Property and Equipment**

Property, and equipment is stated at historical cost and depreciated using the straight-line method over the estimated useful life of the assets. Additions and betterments are capitalized, maintenance and repairs which do not extend the useful life of the assets are expensed as incurred in general and administrative expenses on the consolidated statements of operations.

#### **Capitalized Software, Net**

The Company capitalizes certain costs incurred in the development of various internally used software platforms, in accordance with ASC 350-40, "Internal-Use Software", which requires certain costs incurred during the application development stage be capitalized and other costs incurred during the preliminary project and post-implementation stages be expensed as they are incurred. The Company also develops software platforms and mobile applications to be sold and capitalizes costs in accordance with ASC 985-20, "Software - Cost of Software to be Sold, Leased or Marketed", which requires development costs incurred in the research and development of new software products be expensed as incurred until technological feasibility, in the form of a working model, has been established, at which time such costs are capitalized until the product is available for general release to customers.

## **AB Assetco LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements (in thousands of dollars)**

#### **Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

The Company capitalizes software development costs when the preliminary project stage is completed and the technological feasibility is established. Capitalized costs include personnel and related expenses for employees and third-party contractors who are directly associated with and who devote time to software projects. Any costs incurred to significantly upgrade or enhance the Company's software platform are also capitalized. Costs related to the preliminary project activities and post-implementation support activities are expensed as incurred. Amortization of capitalized software costs accounted for in accordance with ASC 350-40 and ASC 985-20 are recognized in depreciation and amortization and franchise support expenses, respectively, on the consolidated financial statements using a straight-line method over an estimated useful life of three to five years for mobile applications and software platforms, respectively.

#### **Leases**

Leases are not significant for the Company as the Parent is the primary obligor of the majority of lease contracts. Further, the Company does not lease any significant office space directly for its own benefit. As such, rent expense is allocated from the Parent to the Company and is recognized in general and administrative expenses on the consolidated statements of operations.

The Company adopted Topic 842 on January 1, 2022 using the modified retrospective transition approach, and as a result did not recast prior periods. Fiscal year 2021 amounts are presented under ASC 840. The Company applied the package of practical expedients permitted under the transition guidance which allows for the carry forward of historical lease identification, lease classification and initial direct costs for existing leases on the adoption date and does not require the assessment of existing lease contracts to determine whether the contracts contain a lease or initial direct costs. There was no cumulative effect adjustment to member's equity as a result of this adoption at January 1, 2022. The adoption of Topic 842 did not have a significant impact on the consolidated statements of operations or cash flows.

Under ASC 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified asset(s) for a period of time in exchange for consideration. Contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Company has the right to substantially all of the economic benefits of the assets and the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing.

Finance and operating lease right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The lease term represents the non-cancelable period of the lease, including any lessee options to renew, extend, or terminate which are considered to be reasonably certain of exercise. The Company did not include options to renew within the Company's lease terms as they are not reasonably certain to exercise.

For operating leases, the Company utilizes the private company practical expedient for discount rates and uses a risk-free rate when the discount rate is not readily determinable in the lease. The Company recognizes lease expense for fixed lease payments on operating leases on a straight-line basis over the lease term, while variable lease payments are recognized as incurred.

Assets held under finance leases are included in property and equipment on the consolidated balance sheets and are amortized over the lesser of the term of the related lease or the estimated useful life of the asset. For financing leases, the implied rate is utilized based on the monthly interest disclosed by vendors on monthly invoicing.

The Company applies the short term lease exemption and does not recognize ROU assets and lease liabilities for leases with a lease term less than 12 months for all asset classes. The Company has elected to not separate lease and non-lease components (such as common area maintenance) when amounts are fixed, determinable and combined within monthly lease payment.

The Company evaluates whether events and circumstances have occurred that indicate right-of-use assets have been impaired. Measurement of any impairment of such assets is based on their fair values. Once a right-of-use asset for an operating lease is impaired, the carrying amount of the right-of-use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis.

#### **Intangible Assets**

Intangible assets consist of trademarks, franchise relationships, software, proprietary processes, and noncompetition agreements. Intangible assets are stated at their estimated fair value at the date of acquisition. Amortization is computed over the estimated useful lives of the related intangible assets using the straight-line method.

#### **Long-lived Assets**

In accordance with ASC 360, Accounting for Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to

## **AB Assetco LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements (in thousands of dollars)**

#### **Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

estimated undiscounted future cash flows expected to be generated by the asset group. If not recoverable, the Company determines the fair value of the asset group using a discounted cash flow. If the carrying amount of an asset group exceeds its estimated discounted future cash flows, an impairment charge is recognized at the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The Company did not recognize any impairment charges for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

#### **Goodwill**

Goodwill represents the excess of acquisition costs over the fair value of assets and liabilities acquired, including specifically identified intangible assets. Commencing on January 1, 2023, the Company adopted the private company alternative accounting approach for the subsequent accounting for goodwill as provided for in ASU 2014-02, Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill. As such, the Company amortizes goodwill on a straight-line basis over a period of ten years. The accounting alternative requires the Company to make an accounting policy decision to test goodwill for impairment at either the entity level or the reporting unit level. The Company tests goodwill for impairment at the entity level.

In accordance with ASU 2021-03 - "Accounting Alternative for Evaluating Triggering Events," the Company tests goodwill for impairment if the facts and circumstances at year end indicate a triggering event exists. In conducting impairment testing, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If the Company performs a qualitative assessment and determines that the carrying value more likely than not exceeds the fair value, then the quantitative impairment test is performed, otherwise no further analysis is required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The ultimate outcome of the goodwill impairment assessment will be the same whether the Company chooses to perform the qualitative assessment or proceed directly to the quantitative impairment test.

The Company did not identify any triggering events as of December 31, 2023 and 2022 and did not recognize any impairment charges for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

#### **Member's Equity**

The Company has one class of units. All items of income and loss are allocated to the Company and its subsidiaries as discussed in Note 1 and Note 3 above.

#### **Income Taxes**

Under the Internal Revenue Code, a limited liability company may be treated as a partnership for federal income tax purposes. As a direct result of the Securitization Transaction, the Securitization Entities are each a limited liability company that is disregarded as an entity separate from Parent for federal and state income tax purposes, and are not jointly and severally liable for any income taxes owned by the parent corporate entities. Further, no tax sharing agreement exists, or is expected to exist, between the Securitization Entities and Parent that would require the Securitization Entities to directly or indirectly reimburse Parent for taxes related to the operations of the Securitization Entities. Therefore, taxable income or loss is includable in the income tax returns of its members. Accordingly, no provision has been made for federal or state income taxes in the accompanying consolidated financial statements.

#### **Stock-based Compensation**

Upon the formation of the Parent in 2018, the Partnership established the Villa Aggregator LP Amended and Restated Executive Equity Incentive Plan (the "2018 Plan"), which governs certain stock-based and other incentive compensation with the employees. The Plan provides employees an opportunity to indirectly participate in the distribution of the future profits of the Company.

The awards issued under the 2018 Plan (known as Class B Profit Interest Units) are classified as equity awards. Compensation expense is estimated at the grant date based on an award's fair value as calculated by the Monte-Carlo simulation valuation model. Compensation expense is recognized using the graded vesting attribution method over the requisite service period of five years and is included in stock-based compensation expense on the consolidated statements of operations. The Company made a policy election to recognize forfeitures as they occur.

Parent also provides certain Company executives with ownership interests in the Partnership (known as Class A-2 Units) in exchange for promissory notes and rollover equity. The promissory notes only have recourse against the employee's Class A-2 units, as such they are considered to be a stock option in accordance with GAAP. In addition, the notes have an interest rate that is based on a third party indexed rate, and therefore the stock option is classified as a liability award by the Partnership. Liability classified awards are measured at each reporting date using the intrinsic value model with the related compensation expense recognized in stock-based compensation expense in the consolidated

## **AB Assetco LLC and Subsidiaries**

### **Notes to Consolidated Financial Statements (in thousands of dollars)**

#### **Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

statements of operations. Until the stock option is deemed to have been exercised through the repayment of the notes, any distributions on these shares will be deemed compensation expense.

The Company is not the legal obligor of the Class A-2 Unit awards. Therefore, the obligation (liability classified award) remains with the Partnership and any stock-based compensation charges incurred are recognized as additional paid-in capital through a noncash contribution with an offsetting charge to stock-based compensation expense.

In connection with the HELOC Transaction in November 2022, the Buyer established the Binford Aggregator LP Executive Equity Incentive Plan (the "2022 Plan"), which governs the Class B stock-based incentive compensation granted to certain employees. All remaining units available for issuance under the 2018 Plan and A-2 Units outstanding as of November 2022 were settled upon the close of the HELOC Transaction.

The 2022 Plan provides participants with an opportunity to indirectly participate in the distribution of the future profits of the Company. The awards issued under the 2022 Plan (known as Class B Profit Interest Units) are classified as equity awards. Compensation expense is estimated at the grant date based on an award's fair value as calculated by an options pricing model. Compensation expense is recognized using the graded vesting attribution method over the requisite service period of five years and is included in stock-based compensation expense on the consolidated statements of operations. The Company made a policy election to recognize forfeitures as they occur.

The Company recognized stock-based compensation expense related to the settlement of the awards issued under the 2018 Plan and the Class A-2 Unit awards in connection with the HELOC Transaction. Refer to Note 11 for further details.

#### **Advertising Costs**

The Company administers the NAF funded by the franchisees for which the associated revenue is recognized in franchise service fees on the consolidated statements of operations. The NAF pays for costs of preparing and producing various advertising and marketing materials for the franchisees.

The NAF advertising expenses are recognized as incurred and are included in franchise support expenses on the consolidated statements of operations. NAF expenses for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021 were \$15,547, \$14,972 and \$8,613 respectively.

Non-NAF advertising expenses are recognized as incurred and included in both franchise sales expense and franchise support expenses on the consolidated statements of operations. For the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, \$3,151, \$1,916 and \$2,079 respectively, were expensed in the consolidated statements of operations.

#### **Fair Value Measurements**

The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

**AB Assetco LLC and Subsidiaries****Notes to Consolidated Financial Statements (in thousands of dollars)****Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

The carrying amounts of cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accounts payable, accrued liabilities and deferred franchise fees approximate fair value because of the short maturity of the instruments.

**Recently Issued Accounting Pronouncements***Credit Losses*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("ASC 326"): Measurement of Credit Losses on Financial Instruments, which requires the application of a current expected credit loss ("CECL") impairment model to financial assets measured at amortized cost (including trade accounts receivable), net investments in leases, and certain off-balance-sheet credit exposures. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Furthermore, the CECL model requires financial assets with similar risk characteristics to be analyzed on a collective basis. ASC 326 is effective for private companies for fiscal years beginning after December 15, 2022 and interim periods within those years. The Company adopted the new accounting standard on January 1, 2023. The adoption of ASU. 2016-13 did not have a material impact on the consolidated financial statements.

**4. Inventory, net**

Inventory consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>		
	<b>Gross</b>	<b>Reserve</b>	<b>Net</b>
Products for sale	\$ 3,121	\$ (379)	\$ 2,742
<b>Total inventory</b>	<b>\$ 3,121</b>	<b>\$ (379)</b>	<b>\$ 2,742</b>
	<b>2022</b>		
	<b>Gross</b>	<b>Reserve</b>	<b>Net</b>
Products for sale	\$ 3,205	\$ (416)	\$ 2,789
<b>Total inventory</b>	<b>\$ 3,205</b>	<b>\$ (416)</b>	<b>\$ 2,789</b>

**5. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
	Notes receivable	\$ 1,376
Prepaid expenses	4,383	3,981
Other current assets	603	461
<b>Total prepaid expenses and other current assets</b>	<b>\$ 6,362</b>	<b>\$ 5,526</b>

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

**6. Property and Equipment**

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

	Estimated Useful Life	2023	2022
Buildings and leasehold improvements	5 - 30 years	\$ 2,658	\$ 1,895
Software- for internal use	1 - 3 years	6,917	4,211
Software- to be sold	3 - 5 years	36,522	30,214
Vehicles	2 - 5 years	118	473
Office equipment and furniture	2 - 5 years	1,017	995
Machinery, equipment and tools	2 - 7 years	598	258
Land		143	143
Software in development		9,280	6,791
<b>Total property and equipment</b>		<b>57,253</b>	<b>44,980</b>
Less: Accumulated depreciation and amortization		(24,761)	(12,941)
<b>Property and equipment, net</b>		<b>\$ 32,492</b>	<b>\$ 32,039</b>

As of December 31, 2023 and 2022, software in development consisted of software for internal use of \$2,849 and \$2,680, respectively, and to be sold of \$6,431 and \$4,111, respectively.

Depreciation and amortization expense recognized in the consolidated statements of operations was \$12,363, \$8,207 and \$2,340 for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021, of which \$10,402, \$6,401 and \$1,154 for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021 related to software to be sold and was included in franchise support expenses in the consolidated statements of operations.

**7. Other Long-Term Assets**

Other long-term assets consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Cost to obtain contracts - commissions	\$ 10,729	\$ 7,551
Prepaid customer incentive payments	744	957
Other	467	1,039
<b>Total other long-term assets</b>	<b>\$ 11,940</b>	<b>\$ 9,547</b>

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

**8. Intangible Assets and Goodwill**

**Intangible Assets, Net**

Intangible assets consisted of the following as of December 31, 2023 and 2022

	As of December 31, 2023				
	Estimated Useful Life	Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Remaining Useful Life
Trademarks	15-25 years	\$ 178,010	\$ 28,685	\$ 149,325	20.3
Franchise relationships	15 years	351,207	109,364	241,843	10.3
Software	10 years	7,500	3,500	4,000	5.3
Proprietary processes	10 years	2,449	1,133	1,316	4.7
Noncompetition agreements	5 years	701	472	229	2.6
<b>Intangible assets, net</b>		<b>\$ 539,867</b>	<b>\$ 143,154</b>	<b>\$ 396,713</b>	

	As of December 31, 2022				
	Estimated Useful Life	Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Remaining Useful Life
Trademarks	15-25 years	\$ 169,610	\$ 21,566	\$ 148,044	21.9
Franchise relationships	15 years	347,807	85,974	261,833	10.8
Software	10 years	7,500	2,750	4,750	6.3
Proprietary processes	10 years	2,449	888	1,561	6.5
Noncompetition agreements	5 years	641	335	306	2.7
<b>Intangible assets, net</b>		<b>\$ 528,007</b>	<b>\$ 111,513</b>	<b>\$ 416,494</b>	

Amortization expense was \$31,641, \$29,076 and \$18,120, for the years ended December 31, 2023, 2022 and for the period from May 14, 2021 to December 31, 2021.

Estimated amortization expense for the subsequent five years and thereafter is as follows:

2024	\$ 31,669
2025	31,646
2026	31,572
2027	31,569
2028	31,558
Thereafter	238,699
	<b>\$ 396,713</b>

**Goodwill**

Commencing on January 1, 2023, the Company adopted the private company alternative accounting approach for the subsequent accounting for goodwill. As such, the Company amortizes goodwill on a straight-line basis over a period of ten years.

Changes in the net carrying amount of goodwill for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
<b>Goodwill beginning of year</b>	<b>\$ 291,784</b>	<b>\$ 248,871</b>
Contributions of assets and liabilities	8,157	42,913
Amortization	(29,924)	-
<b>Goodwill, net end of year</b>	<b>\$ 270,017</b>	<b>\$ 291,784</b>

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

The gross balance of the goodwill asset and accumulated amortization as of December 31, 2023 is shown in the table below:

As of December 31, 2023					
	Estimated Useful Life	Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Remaining Useful Life
Authority Brands	10 years	148,188	14,819	133,369	9 years
ASP	10 years	16,285	1,629	14,656	9 years
Mosquito Squad	10 years	12,422	1,242	11,180	9 years
Clockwork	10 years	44,664	4,466	40,198	9 years
Monster	10 years	17,378	1,738	15,640	9 years
DoodyCalls	10 years	6,191	619	5,572	9 years
Junkluggers	10 years	42,913	4,291	38,622	9 years
Screenmobile	10 years	8,403	770	7,633	9.08 years
Other acquisitions	10 years	3,497	350	3,147	9 years
<b>Goodwill, net</b>		<b>\$ 299,941</b>	<b>\$ 29,924</b>	<b>\$ 270,017</b>	

Estimated amortization expense for the subsequent five years and thereafter is as follows

2024	\$ 29,934
2025	29,934
2026	29,934
2027	29,934
2028	29,934
Thereafter	120,347
	<b>\$ 270,017</b>

During the period presented, the Company did not record any goodwill impairment charges.

**9. Accrued and Other Liabilities**

Accrued and other liabilities consisted of the following as of December 31, 2023 and 2022:

	2023	2022
Employee expenses	\$ 315	\$ 476
Rebates	3,042	1,405
Advertising	4,508	6,234
Capital expenditures	715	860
Other	967	1,219
<b>Total accrued and other liabilities</b>	<b>\$ 9,547</b>	<b>\$ 10,194</b>

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

**10. Other Long-Term Liabilities**

Other long-term liabilities consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred revenue	\$ 27,640	\$ 28,439
Other	364	336
<b>Total other long-term liabilities</b>	<b><u>\$ 28,004</u></b>	<b><u>\$ 28,775</u></b>

**11. Stock-based Compensation**

**Class B Profit Interest Units**

***2018 Equity Plan***

In connection with the HELOC Transaction, all of the Class B awards issued under the 2018 Plan vested and were settled pursuant to the change in control provisions provided for in the award agreement. The Company recognized \$1,149 and \$4,030 in stock-based compensation expense for the settlement of the time vesting and performance vesting awards, respectively, of which \$3,244 was allocated by specific allocation (unit holder) and \$1,935 was allocated based on revenue for the year ended December 31, 2022. Compensation expense related to the time vesting Class B interest units of \$584 was recognized in stock-based compensation expense on the consolidated statements of operations, of which \$275 was allocated by specific identification (unit holder) and \$309 was allocated based on revenue for the period from May 14, 2021 to December 31, 2021.

Prior to closing of the HELOC Transaction, the Parent modified the terms of the Class B Profit Interests previously granted to five management team members to allow for continued vesting post-separation. As a result of these modifications, the Company recognized stock-based compensation expense of approximately \$1,215 for the year ended December 31, 2022 based on the modification date fair value which is reflected in amounts disclosed above.

***2022 Equity Plan***

In November of 2022, in connection with the HELOC Transaction, the Parent entered into the Binford Aggregator LP Executive Equity Incentive Plan (the "2022 Plan").

The awards issued under the 2022 Plan are also referred to as Class B Profit Interest Units. For the 2022 Plan, 26.67% of Class B Profit Interest Units vest over time and are conditioned upon the participant's continued employment and the achievement of a set return on invested capital. Remaining awards vest as the Company achieves multiples of the invested capital and are conditioned upon occurrence of a change in control or a qualified leverage recapitalization ("change in control events").

**AB Assetco LLC and Subsidiaries**

**Notes to Consolidated Financial Statements (in thousands of dollars)**

**Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021**

For the Class B Profit Interest Units granted under the 2022 Plan, for the years ended December 31, 2023 and 2022, the Company determined that it is not probable that any of the change in control events will occur and, as such, compensation expenses related to the portion of the awards conditioned upon occurrence of these events has not been recognized in the consolidated financial statements as of and for the years ended December 31, 2023 and 2022.

The awards that have a time-vesting component are earned in equal tranches upon each of the anniversaries over the period of five years which was determined to be the requisite service period. These awards will not vest until the return on invested capital condition is met or upon occurrence of the change in control events even as the time-vesting condition is met. As of December 31, 2023 and 2022 no units were vested.

The table below summarizes transactions for unit holders of the Company:

	Time-Vesting Units		
	Weighted Average Fair Value	Class B Profit Interest Units	Weighted Average Remaining Contractual Term
<b>Units outstanding as of May 14, 2021</b>	\$ 0.31	4,317,274	2.2 years
Granted	0.49	716,970	
Forfeitures	-	-	
<b>Units outstanding as of December 31, 2021</b>	\$ 0.34	5,034,244	2.5 years
Granted		-	
Forfeitures	-	-	
Vested due to Plan modification	0.34	(5,034,244)	
<b>Units outstanding as of November 30, 2022</b>	\$ -	-	N/A
Granted under 2022 Plan		17,539,639	
Forfeitures	-	-	
Vested	-	-	
<b>Units outstanding as of December 31, 2022</b>	\$ 0.30	17,539,639	4.92 years
Granted	0.31	4,019,918	
Forfeitures	0.30	(1,216,642)	
Vested	-	-	
<b>Units outstanding as of December 31, 2023</b>	\$ 0.30	20,342,915	4.01 years

AB Assetco LLC and Subsidiaries

Notes to Consolidated Financial Statements (in thousands of dollars)

Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

	Performance-Vesting Units		
	Weighted Average Fair Value	Class B Profit Interest Units	Weighted Average Remaining Contractual Term
<b>Units outstanding as of May 14, 2021</b>	\$ 0.17	8,634,547	2.2 years
Granted	0.26	1,433,940	
Forfeitures	-	-	
<b>Units outstanding as of December 31, 2021</b>	\$ 0.18	10,068,487	2.5 years
Granted	-	-	
Forfeitures	-	-	
Vested due to Plan modification	0.18	(10,068,487)	
<b>Units outstanding as of November 30, 2022</b>	\$ -	-	N/A
Granted under 2022 Plan	0.22	48,225,786	
Forfeitures	-	-	
Vested	-	-	
<b>Units outstanding as of December 31, 2022</b>	\$ 0.22	48,225,786	4.92 years
Granted	0.22	11,052,892	
Forfeitures	0.22	(3,345,194)	
Vested	-	-	
<b>Units outstanding as of December 31, 2023</b>	\$ 0.22	55,933,484	4.01 years

The fair value of each option award is estimated on the date of the grant using the Black-Scholes options pricing model with the following assumptions for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021:

	2023	2022	2021
Dividend Yield	0%	0%	0%
Risk-free interest rate	3.8%	3.8%	1.6%
Expected life of options	5 years	5 years	5 years
Volatility	47.5%	47.5%	37.5%

Expected volatilities are based on the average volatilities of comparable companies over the expected term. The risk-free interest rate is based on the average of the five-year treasury rate on the grant date of the options.

For the year ended December 31, 2023, compensation expense related to time vesting Class B profit interest units of \$3,817 was recognized in stock-based compensation expense under the 2022 Plan on the consolidated statements of operations, of which \$2,453 was allocated by specific allocation (unit holder) and \$1,364 was allocated based on revenue. For the year ended December 31, 2022, compensation expense related to time vesting Class B profit interest units of \$310 was recognized in stock-based compensation expense under the 2022 Plan on the consolidated statements of operations, of which \$190 was allocated by specific allocation (unit holder) and \$120 was allocated based on revenue.

As of December 31, 2023 and 2022, the Company had \$5,461 and \$4,941 of unrecognized stock-based compensation expense related to unvested time vesting stock-based compensation arrangements. As of December 31, 2023 and 2022, the Company had \$20,112 and \$17,153 of unrecognized stock-based compensation expense related to unvested performance vesting stock-based compensation arrangements.

## AB Assetco LLC and Subsidiaries

### Notes to Consolidated Financial Statements (in thousands of dollars)

Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

#### Class A-2 Units Issued to Certain Executives

The Partnership provided certain executives with ownership interests in the Partnership (known as Class A-2 Units) in exchange for promissory notes and rollover equity, in accordance with the Contribution, Rollover and Subscription agreement. Under the terms of this agreement, the Company's executives were provided ownership interests in the Partnership in exchange for promissory notes.

These agreements are in substance, compensation arrangements and are accounted for as instruments similar to a stock option. Compensation expense is recognized at each balance sheet date with the changes in value recorded in the consolidated statements of operations with the corresponding recognition of the noncash contribution from the Partnership in additional paid in capital in the consolidated balance sheets.

The Company elected to account for these awards using the intrinsic valuation technique which represents excess value of the employees' Class A-2 units that were exchanged for promissory notes over the exercise price (which represents the face value of the promissory notes plus accrued interest). 15,600,000 of A-2 units were granted on September 21, 2018 and the intrinsic value of these awards on the grant date was equal to the value of the award. There were no additional grants of these awards during 2022 or 2023. There were no forfeitures or exercises of these award during the years ended December 31, 2023 and 2022.

All Class A-2 units were settled as a result of the HELOC Transaction based on the Transaction Date fair value. As a result, the Company recognized a gain of \$1,080 for the year ended December 31, 2022 in stock-based compensation expense on the consolidated statements of operations. For the period from May 14, 2021 to December 31, 2021, the Company recognized a stock-based compensation expense of \$5,366 in the consolidated statements of operations. As of November 30, 2022 and December 31, 2021, the amount of (gain) expense allocated to the Company by specific identification (unit holder) amounted to \$(253) and \$1,115 and amount of expense allocated based on revenue amounted to \$(827) and \$4,251, respectively. There were no additional grants of these awards during 2021 or 2022. There were no forfeitures or exercises of these awards during the years ended December 31, 2022 and 2021.

In December 2023, Binford Aggregator LP issued a new tranche of A-2 units to be provided to certain executives. As of December 31, 2023, there were approximately 476,190 A-2 units granted and the intrinsic value of this award on the grant date was equal to the value of the award. No stock-based compensation expense was recognized in the year ended December 31, 2023 and there were no forfeitures or exercises of these award during the year ended December 31, 2023.

## 12. Related Parties

The Company has related party transactions with the Parent and Guarantor, which for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021 consisted of a distribution to Guarantor related to the Parent's centralized cash management arrangement, general and administrative expenses and stock-based compensation allocated to the Company by the Parent (Note 3). The Company also has related party revenue with the Parent due to certain royalty and other contractual fees owed to the Company by the Parent. Related party transactions with Parent and Guarantor consisted of the following:

	Years ended December 31,		For the Period From
	2023	2022	May 14, 2021 to December 31, 2021
<b>Parent</b>			
Revenue	\$ 14,914	\$ 15,642	\$ 5,417
Accounts receivable	820	1,213	520
General and administrative expenses	10,739	10,191	7,050
Stock-based compensation	3,817	4,409	5,950
<b>Guarantor</b>			
Distributions to Guarantor	\$ 68,651	\$ 69,644	\$ 25,915

The Company has several agreements in place with related parties through common ownership by the Partnership, in the ordinary course of business as follows:

- Paycor, a HR and payroll solutions company, provided payroll support services to the Parent and related expenses were allocated to the Company for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.

## AB Assetco LLC and Subsidiaries

### Notes to Consolidated Financial Statements (in thousands of dollars)

#### Years Ended December 31, 2023 and 2022 and for the Period From May 14, 2021 to December 31, 2021

- Assured Partners, a national partnership of financial services firms, provided insurance and employee benefits services to the Parent and related expenses were allocated to the Company for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.
- Thoughtworks, a software development and digital transformation company, provided software solutions to the Parent and related expenses were allocated to the Company for the years ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2021.
- Leadify, a digital marketing company, provided marketing lead generation services to the Company for the year ended December 31, 2023.

The Company also employs twenty-five individuals as of December 31, 2023 and twenty-seven individuals, as of December 31, 2022 and 2021 who own and operate franchises of wholly owned subsidiary businesses.

The Company recorded revenue and the corresponding accounts receivable related to these arrangements for the years ended December 31, 2023, 2022 and for the period from May 14, 2021 to December 31, 2021.

Related party transactions consisted of the following:

	Transaction	Years ended December 31,		For the Period From
		2023	2022	May 14, 2021 to December 31, 2021
<b>Related parties through common ownership</b>				
Paycor	Expenses paid	\$ 189	\$ 117	\$ 64
Assured partners	Expenses paid	55	50	36
Thoughtworks	Expenses paid	1,608	1,694	5,088
Leadify	Expenses paid	200	-	-
<b>Transactions with employees</b>				
Revenue		\$ 4,271	\$ 4,973	\$ 2,134
Accounts receivable		132	529	103

### 13. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in ASC Topic 450, Contingencies. Accordingly, no liabilities have been recorded for such matters as of December 31, 2023 and 2022. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

### 14. Employee Benefit Plans

The Company sponsors a 401 (k) plan covering the majority of its employees meeting certain eligibility requirements. During the years ended December 31, 2023 and 2022, the Plan provides for matching contributions of 50% of employee contributions, up to 10% of the participating employee's contributions. During the period from May 14, 2021 to December 31, 2021, the Plan provided for matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. The Company's contributions to the Plan totaled \$1,159, \$896 and \$469 for the year ended December 31, 2023 and 2022 and for the period from May 14, 2021 to December 31, 2022, respectively.

### 15. Subsequent Events

The Company evaluated subsequent events and transactions for potential recognition and disclosure in the consolidated financial statements through April 15, 2024, the date the consolidated financial statements were available to be issued. The Company did not identify any matters.

## GUARANTEE OF PERFORMANCE

For value received, AB Assetco LLC, a Delaware limited liability company located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 (the “**Guarantor**”), absolutely and unconditionally guarantees to assume the duties and obligations of Screenmobile Franchising SPE LLC, a Delaware limited liability company located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 (the “**Franchisor**”), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its Franchise Disclosure Document issued April 29, 2024, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever occurs first. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor executes this guarantee at Columbia, Maryland, on the 29th day of April, 2024.

**Guarantor: AB Assetco LLC**

By: 

Print Name: Somer Webb  
Title: Chief Financial Officer

# **Authority Brands Inc. and Subsidiaries**

**Consolidated Financial Statements**

**As of December 31, 2023 and 2022 and for the  
Three Years Ended December 31, 2023**

**Authority Brands Inc. and Subsidiaries**  
**Index to Consolidated Financial Statements**  
**As of December 31, 2023 and 2022**  
**and for the three years ended December 31, 2023**

	<b>Page</b>
Report of Independent Auditors	1-2
<b>Consolidated Financial Statements</b>	
Balance Sheets	3
Statements of Comprehensive Loss	4
Statements of Changes in Stockholder's Equity	5
Statements of Cash Flows	6-7
Notes to Financial Statements	8-37



## Report of Independent Auditors

To the Board of Directors of Authority Brands Inc.

### *Opinion*

We have audited the accompanying consolidated financial statements of Authority Brands Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive loss, of changes in stockholder's equity and of cash flows for each of the three years in the period ended December 31, 2023, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Emphasis of Matter*

As discussed in Note 2 to the consolidated financial statements, the Company changed the manner in which it accounts for goodwill in 2023. Our opinion is not modified with respect to this matter.

### *Responsibilities of Management for the Consolidated Financial Statements*

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

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

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of



assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US 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 US 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.

*PricewaterhouseCoopers LLP*

April 15, 2024

**Authority Brands Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
*(In thousands)*

	As of December 31,	
	2023	2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 27,119	\$ 14,151
Restricted cash	3,314	3,216
Accounts receivable, net	33,238	31,519
Inventory, net	6,548	6,739
Prepaid expenses and other current assets	12,575	9,482
<b>Total current assets</b>	<b>82,794</b>	<b>65,107</b>
Property and equipment, net	56,407	50,459
Operating lease right-of-use assets	15,144	14,136
Intangible assets, net	437,885	463,026
Goodwill, net	414,349	429,385
Other assets	14,422	11,886
<b>Total assets</b>	<b>\$ 1,021,001</b>	<b>\$ 1,033,999</b>
<b>Liabilities and Stockholder's Equity</b>		
Current liabilities		
Accounts payable	\$ 9,980	\$ 10,968
Accrued and other liabilities	27,562	28,405
Deferred revenue	17,189	13,586
Operating lease liabilities, current portion	5,070	3,870
Current maturities on long-term debt	4,250	4,500
<b>Total current liabilities</b>	<b>64,051</b>	<b>61,329</b>
Operating lease liabilities, non-current portion	11,077	10,979
Long-term debt, net	550,949	513,058
Deferred tax liability, net	17,766	28,603
Other long-term liabilities	38,957	35,390
<b>Total liabilities</b>	<b>682,800</b>	<b>649,359</b>
Stockholder's equity	338,201	384,640
<b>Total liabilities and stockholder's equity</b>	<b>\$ 1,021,001</b>	<b>\$ 1,033,999</b>

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

**Authority Brands Inc. and Subsidiaries**  
**Consolidated Statements of Comprehensive Loss**  
*(In thousands)*

	<b>Years Ended December 31,</b>		
	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Revenues</b>			
Franchise service fees	\$ 170,280	\$ 152,837	\$ 129,084
Franchise sales fees	13,965	5,222	4,339
Residential services	211,880	186,266	133,347
Other revenues	33,399	31,031	23,967
Total revenues	<u>429,524</u>	<u>375,356</u>	<u>290,737</u>
<b>Costs and expenses</b>			
Franchise support expenses	125,437	101,662	71,316
Franchise sales expenses	5,125	2,355	4,259
Residential service expenses	175,217	148,881	112,523
General and administrative expenses	57,446	51,338	42,155
Stock-based compensation expenses	6,006	21,820	26,803
Management fees and expenses	500	345	-
Transaction costs	4,149	25,103	2,183
Depreciation and amortization	96,166	44,370	35,628
Total costs and expenses	<u>470,046</u>	<u>395,874</u>	<u>294,867</u>
Operating loss	(40,522)	(20,518)	(4,130)
Loss on extinguishment of debt	-	-	(9,715)
Interest expense, net	(31,831)	(18,902)	(22,696)
Loss before income taxes	(72,353)	(39,420)	(36,541)
Income tax benefit	12,819	3,790	2,402
<b>Net loss</b>	<b>\$ (59,534)</b>	<b>\$ (35,630)</b>	<b>\$ (34,139)</b>
<b>Other comprehensive loss</b>			
Change in foreign currency translation adjustment	14	-	(12)
Other comprehensive income (loss)	14	-	(12)
<b>Comprehensive loss</b>	<b>\$ (59,520)</b>	<b>\$ (35,630)</b>	<b>\$ (34,151)</b>

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

**Authority Brands Inc. and Subsidiaries**  
**Consolidated Statements of Changes in Stockholder's Equity**  
**Three Years Ended December 31, 2023**  
*(In thousands)*

	Common Stock		Additional Paid	Accumulated	Comprehensive	Total Stockholder's
	Units	Amount	In Capital	Deficit	Income/(Loss)	Equity
<b>Balances at December 31, 2020</b>	<b>1</b>	\$ -	\$ 437,418	\$ (48,381)	\$ (3)	\$ 389,034
Capital contributions	-	-	1,875	-	-	1,875
Stock-based compensation	-	-	26,803	-	-	26,803
Other comprehensive loss	-	-	-	-	(12)	(12)
Net loss	-	-	-	(34,139)	-	(34,139)
<b>Balances at December 31, 2021</b>	<b>1</b>	-	<b>466,096</b>	<b>(82,520)</b>	<b>(15)</b>	<b>383,561</b>
Capital contributions	-	-	36,024	-	-	36,024
Stock-based compensation	-	-	21,820	-	-	21,820
Distributions to parent	-	-	(21,135)	-	-	(21,135)
Net loss	-	-	-	(35,630)	-	(35,630)
<b>Balances at December 31, 2022</b>	<b>1</b>	-	<b>502,805</b>	<b>(118,150)</b>	<b>(15)</b>	<b>384,640</b>
Capital contributions	-	-	7,075	-	-	7,075
Stock-based compensation	-	-	6,006	-	-	6,006
Other comprehensive income	-	-	-	-	14	14
Net loss	-	-	-	(59,534)	-	(59,534)
<b>Balances at December 31, 2023</b>	<b>1</b>	\$ -	\$ 515,886	\$ (177,684)	\$ (1)	\$ 338,201

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

**Authority Brands Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
*(In thousands)*

	Years Ended December 31,		
	2023	2022	2021
<b>Cash flows from operating activities</b>			
Net loss	\$ (59,534)	\$ (35,630)	\$ (34,139)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities			
Depreciation and amortization	106,568	50,771	37,069
(Reduction)/increase in inventory reserve	(42)	(39)	339
Bad debt expense	3,123	1,637	1,290
Stock-based compensation	6,006	21,820	26,803
Gain on disposal of property and equipment	(391)	(305)	(288)
Amortization of deferred loan costs	1,650	1,692	1,976
Loss on extinguishment of debt	-	-	9,715
Deferred taxes	(13,180)	(4,278)	(2,984)
Other	-	-	308
<b>Changes in assets and liabilities</b>			
Accounts receivable	(4,383)	(3,845)	(5,836)
Inventory	589	(843)	(836)
Prepaid expenses and other current assets	(3,088)	(2,326)	(1,431)
Other assets	(3,185)	(1,572)	(1,518)
Accounts payable	(1,484)	1,815	1,819
Accrued liabilities	(3,273)	(6,254)	8,166
Other liabilities	(127)	138	59
Deferred revenue	162	3,365	4,588
Operating lease right-of-use assets and operating lease liabilities, net	290	145	-
Net cash provided by operating activities	<u>29,701</u>	<u>26,291</u>	<u>45,100</u>
<b>Cash flows from investing activities</b>			
Business acquisitions, net of cash acquired	(35,105)	(94,792)	(21,828)
Purchases of assets through asset acquisition	(325)	(1,570)	(26,414)
Purchases of property and equipment	(2,898)	(1,772)	(1,272)
Proceeds on disposal of property and equipment	1,234	332	257
Capitalized software development costs	(12,830)	(12,446)	(15,955)
Net cash used in investing activities	<u>(49,924)</u>	<u>(110,248)</u>	<u>(65,212)</u>
<b>Cash flows from financing activities</b>			
Distributions to parent	-	(21,135)	-
Capital contributions	675	-	275
Principal payments on finance lease obligations	(4,026)	(2,775)	(2,302)
Borrowings from long-term debt, net of deferred financing cost	47,890	103,869	445,943
Repayments of long-term debt	(11,250)	(7,525)	(409,982)
Net cash provided by financing activities	<u>33,289</u>	<u>72,434</u>	<u>33,934</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>13,066</b>	<b>(11,523)</b>	<b>13,822</b>
<b>Cash, restricted cash and cash equivalents</b>			
<b>Beginning of year</b>	<b>\$ 17,367</b>	<b>\$ 28,890</b>	<b>\$ 15,068</b>
<b>End of year</b>	<b><u>\$ 30,433</u></b>	<b><u>\$ 17,367</u></b>	<b><u>\$ 28,890</u></b>

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

**Authority Brands Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows, Continued**  
*(In thousands)*

	Years Ended December 31,		
	2023	2022	2021
<b>Reconciliation of cash, restricted cash, and cash equivalents reported in the consolidated balance sheet</b>			
Cash and cash equivalents	\$ 27,119	\$ 14,151	\$ 26,889
Restricted cash	3,314	3,216	2,001
<b>Total cash, restricted cash, and cash equivalents shown in the statement of cash flows</b>	<b>\$ 30,433</b>	<b>\$ 17,367</b>	<b>\$ 28,890</b>
<b>Supplemental disclosures of cash flow information</b>			
Interest paid	\$ 27,794	\$ 16,243	\$ 18,830
Taxes paid, net of refunds	318	1,098	400
<b>Noncash investing and financing activities</b>			
Change in indemnification asset	-	-	1,060
Change in uncertain tax position	-	-	(1,060)
Capital expenditures included in accrued liabilities	770	906	1,227
Finance lease assets exchanged for lease liabilities	8,717	6,688	2,691
Noncash business acquisition consideration	(6,400)	(36,024)	(1,600)
Capital contribution – rollover equity	6,400	36,024	1,600

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

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**1. Organization and Description of Business**

Authority Brands Inc. and Subsidiaries (“the Company” or “Authority Brands”), formerly known as Villa Bidco Inc. and Subsidiaries prior to the Company’s name change on May 17, 2021, is the parent company of a number of franchisors and related businesses operating in the United States and internationally. The Company is wholly owned by Villa Aggregator LP (the “Partnership”) through Villa TopCo Inc.

On March 24, 2021, in contemplation of a whole business securitization which was completed on May 14, 2021 (see Note 12), fifteen wholly owned entities were established by the Company. The first three entities formed were AB SPE Guarantor LLC and Subsidiaries (“Guarantor”) a direct, wholly-owned subsidiary of the Company which directly and wholly owns AB Issuer LLC (“Issuer”), a newly formed special purpose Delaware limited liability company which directly and wholly owns AB Assetco LLC and Subsidiaries (“AB Assetco”), a Delaware limited liability company.

AB Assetco wholly owns the following Special Purpose Entity (“SPE”) entities:

- The Cleaning Authority Franchising SPE LLC (“The Cleaning Authority Franchisor”)
- Homewatch CareGivers Franchising SPE LLC (“Homewatch Franchisor”)
- Mosquito Squad Franchising SPE LLC (“Mosquito Squad Franchisor”)
- ASP Franchising SPE LLC (“ASP Franchisor”)
- Benjamin Franklin Franchising SPE LLC (“Benjamin Franklin Franchisor”)
- Mister Sparky Franchising SPE LLC (“Mister Sparky Franchisor”)
- One Hour Air Conditioning Franchising SPE LLC (“One Hour Air Conditioning Franchisor”)
- Monster Franchising SPE LLC (“Monster Franchisor”)
- STOP Franchising SPE LLC (“STOP Franchisor”)
- DoodyCalls Franchising SPE LLC (“DoodyCalls Franchisor”)
- BuyMax SPE LLC (“BuyMax”)
- Successware SPE LLC (“SuccessWare”)
- Junkluggers Franchising SPE LLC (“Junkluggers Franchisor”) – formed in 2022
- Screenmobile Franchising SPE LLC (“Screenmobile Franchisor”) – formed in 2023
- Authority Brands Payments SPE LLC (“AB Payments”) – formed in 2023

Guarantor and each of its subsidiaries other than Issuer are collectively referred to as Guarantors. Issuer and Guarantors are collectively referred to as “Securitization Entities.”

The Company wholly owns the following remaining entities, collectively referred to as “Non Securitization Entities”:

- Authority Brands Canada, Inc. (“AB Canada”), formerly known as The Cleaning Authority, Inc. prior to June 2, 2023
- The Cleaning Authority LLC (“The Cleaning Authority”)
- Mighty Maids LLC (“TCA of Columbia, MD”)
- Homewatch CareGivers LLC (“Homewatch CareGivers”)
- Homewatch Canada, Inc. (“Homewatch Canada”)
- Homewatch CareGivers International, Inc. (“Homewatch International”)

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

- Pool Water Holdings LLC and its subsidiaries (“America’s Swimming Pool” or “ASP”) which includes: ASP Franchising LLC, ASP Aviation LLC and Greenland LLC
- Clockwork Inc. and its subsidiaries (“Clockwork”), which includes: Successware, Inc., Benjamin Franklin Franchising LLC, Mister Sparky Franchising LLC, One Hour Air Conditioning Franchising LLC, Clockwork IP LLC, Quality A/C Service LLC, New Millennium Academy LLC, UWIN LLC and BuyMax LLC
- Authority Brands LLC
- Mosquito Squad Franchising LLC (“Mosquito Squad”)
- Monster Topco LLC and its subsidiaries (“Monster”) which includes Monster New Franchisor LLC and Monster New Tree Service LLC
- DoodyCalls Inc. and its affiliates DoodyCalls LLC, DoodyCalls Services LLC and DoodyCalls Intellectual Property LLC (“DoodyCalls”)
- STOP Franchising, Inc. (“STOP”)
- LMS LLC, LMSNH LLC, and LMSRI Inc. (“Macchia”)
- Color World Topco LLC and its subsidiaries (“Color World”) which includes: Color World New Housepainting LLC and Color World New Franchise Systems LLC
- Woofie's TopCo LLC and its subsidiaries (“Woofie”) which includes: Woofie's Leesburg LLC, Woofie's Ashburn LLC, Woofie's Pet Ventures LLC and Woofie's Mobile Pet Spa LLC
- DRYmedic Restoration Novi, LLC (“DRYmedic”)
- DRYmedic Restoration Services LLC (“DRYmedic Restoration”)
- Junkluggers Franchising LLC (“Junkluggers Franchising”)
- JL TopCo Inc. and its subsidiaries (“Junkluggers”) which includes Junkluggers LLC and Lug Life LLC
- The Screenmobile Corporation (“Screenmoblie”)
- Lawn Squad Holdco Inc and its subsidiaries (“Lawn Squad”) which includes Lawn Squad Franchising LLC (formed in 2023) and Weed Pro, Ltd (“Weed Pro”).

Screenmobile and Weed Pro were acquired by the Company in 2023 (Note 3)

Color World, Woofie's, DRYmedic, DRYmedic Restoration, Junkluggers Franchising, and Junkluggers were acquired by the Company in 2022 (Note 3).

DoodyCalls and Macchia were acquired by the Company in 2021 (Note 3).

On November 30, 2022 (“Transaction Date”), Binford Aggregator LP, a Delaware limited partnership, (“the Buyer”), indirectly owned by affiliates of Apax Partners Fund X and British Columbia Investment Management Corporation (“BCI”), became the sole limited partner of the Company's parent company, Villa Aggregator LP (the “Partnership” or “Seller”), indirectly owned by Apax Partners Fund IX, whereby the Buyer acquired 100% of the issued and outstanding equity interests of Villa Aggregator LP (collectively the “HELOC Transaction”). The HELOC Transaction qualified as a change of control in accordance with ASC 805. However, the Company has not elected pushdown accounting and accordingly, the acquisition is not reflected in these consolidated financial statements. The Company paid \$15,402 of Buyer transaction expenses on behalf of the Partnership, which have been recognized as a distribution to parent in the consolidated statements of stockholder’s equity for the year ended December 31, 2022. The Company incurred \$20,790 of seller transaction expenses, which is recognized in transaction costs in the consolidated statements of comprehensive loss for the year ended December 31, 2022. In addition, the Company distributed \$5,733 to the Partnership as a source of funds for the transaction.

In connection with the HELOC Transaction, the Company entered into the Binford Aggregator LP Executive Equity Incentive Plan (the “2022 Plan”). All awards granted and outstanding under the Villa Aggregator LP Amended and Restated Executive Equity Incentive Plan (the “2018 Plan”) vested as of the Transaction Date, as a result of the change in control, and were rolled over or settled in cash on the Transaction Date. As a result, the Company recognized stock-based compensation expense for the awards that vested on the Transaction Date. Refer to Note 14 Stock-Based Compensation for further information.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

As of December 31, 2023 and 2022, the Company owned and operated 25 and 20 store locations, respectively. Expenses related to the management and operation of these owned businesses are included in the residential service expenses line in the consolidated statements of comprehensive loss for the years ended December 31, 2023, 2022 and 2021.

Franchised outlets as of December 31, 2023, 2022 and 2021 are summarized as follows:

	Franchises as of December 31, 2022	Acquired During the Period	Opened During the Period	Closed/Ceased During the Period	Reacquired by Franchisor	Franchises as of December 31, 2023
Ben Franklin	275	-	64	(15)	-	324
Mister Sparky	138	-	31	(6)	-	163
One Hour	352	-	52	(19)	-	385
Homewatch	222	-	16	(25)	-	213
Mosquito Squad	213	-	15	(11)	-	217
The Cleaning Authority	218	-	13	(10)	-	221
America's Swimming Pool	364	-	38	(27)	-	375
Monster	247	-	15	(45)	-	217
DoodyCalls	72	-	17	(3)	-	86
Screenmobile	-	150	2	(7)	-	145
STOP/DRYmedic	27	-	19	(3)	-	43
Junkluggers	115	-	28	(8)	-	135
Color World	50	-	12	(17)	-	45
Woofie's	9	-	31	(1)	-	39
<b>Total</b>	<b>2,302</b>	<b>150</b>	<b>353</b>	<b>(197)</b>	<b>-</b>	<b>2,608</b>

	Franchises as of December 31, 2021	Acquired During the Period	Opened During the Period	Closed/Ceased During the Period	Reacquired by Franchisor	Franchises as of December 31, 2022
Ben Franklin	255	-	24	(4)	-	275
Mister Sparky	115	-	23	-	-	138
One Hour	341	-	16	(5)	-	352
Homewatch	210	-	22	(10)	-	222
Mosquito Squad	221	-	5	(13)	-	213
The Cleaning Authority	211	-	10	(3)	-	218
America's Swimming Pool	348	-	37	(21)	-	364
Monster	244	-	12	(9)	-	247
DoodyCalls	53	-	22	(3)	-	72
STOP/DRYmedic	28	-	2	(3)	-	27
Junkluggers	-	97	29	(8)	(3)	115
Color World	-	56	8	(14)	-	50
Woofie's	-	2	7	-	-	9
<b>Total</b>	<b>2,026</b>	<b>155</b>	<b>217</b>	<b>(93)</b>	<b>(3)</b>	<b>2,302</b>

Dollar values presented in the consolidated financial statements are in thousands of US dollars, unless otherwise stated.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**2. Summary of Significant Accounting Policies**

**Financial Statement Preparation and Principles of Consolidation**

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles and practices of the United States of America (“GAAP”) and include the accounts of the Company and its wholly owned subsidiaries outlined in Note 1. All intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP requires management to make certain 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. The areas that require the use of management estimates include purchase price allocation, deferred income taxes, the carrying value of goodwill and stock-based compensation. Actual results could differ from those estimates.

**Revenue Recognition**

Revenue is recognized in accordance with Accounting Standards Codification (“ASC”) 606 – Revenue from Contracts with Customers, using a five-step revenue model, as follows: identifying the contract with the customer; identifying the performance obligations in the contract; determining the transaction price; allocating the transaction price to the performance obligations; and recognizing revenue when (or as) the entity satisfies a performance obligation.

The following describes principal activities from which the Company generates its revenues and the associated revenue recognition policies:

*Franchise Revenue*

Franchise revenue consists of royalty, national advertising, local advertising, software fees, call center and initial franchise fees charged to franchisees. The Company administers the national advertising fund (“NAF”) which is funded by the franchisees and is used to pay for the costs of preparing and producing various advertising and marketing materials for the franchisees.

The Company’s primary performance obligation under franchise agreements is granting rights to use the Company’s intellectual property over the term of the franchise agreement. Brand royalty and NAF fees are primarily based on a percentage of franchisee sales and the Company recognizes revenue for these fees as they become billable when the underlying franchisee sales occur. These fees are generally billed on a monthly basis. Fixed franchise and NAF fees, which are included in certain brand franchise agreements, are recognized on a straight-line basis over the franchise agreement term. Initial franchise fees are not associated with a service distinct from the overall initial franchise right performance obligation and are therefore recognized on a straight-line basis over the franchise agreement term. The advertising funded through the NAF benefits the franchise brands overall, rather than the individual franchise owners, and therefore is not a performance obligation separate from the overall franchise right. Any underspending of NAF contributions is recorded as accrued and other liabilities on the consolidated balance sheets.

Local advertising, software and call center services provide a distinct benefit from the franchise right and are therefore separate performance obligations. Fees associated with these services are generally billed as a monthly fixed or usage-based amount and are recognized as revenue as the services are performed either on a straight-line basis over the contract term if the fee is fixed or as invoiced if the fee is based on usage.

Franchise revenue, except for initial franchise fees, is included in the franchise services fees on the consolidated statements of comprehensive loss. Initial franchise fees are included in franchise sales fees on the consolidated statements of comprehensive loss.

*Company-Owned Store Revenue*

Revenue from company-owned stores is generally recognized when the services are performed, which typically occurs on a single day. Payment is due within a short period of time after the service has been performed.

For fixed fee restoration services that may extend over a period of time, typically no more than 18 months, the Company recognizes revenue as performance obligations are satisfied and control of the promised good or service is transferred to the customer. Restoration service revenue is recognized over time using contract costs as a method to measure progress towards satisfaction of the underlying performance obligations. Contract costs include direct costs such as materials, labor and subcontractor costs, as well as indirect costs identifiable with, or allocable to, a specific contract that are expensed as incurred. Revenue is recognized based on the proportion of the contract costs incurred to the total estimated costs expected to be incurred upon completion of the underlying performance obligation. Changes in these estimates can occur for a variety of reasons and are recognized on a cumulative catch-up basis in the period when such changes are determinable and reasonably

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

estimable. If the estimate of contract profitability indicates an anticipated loss on a contract, the Company recognizes the total loss at the time it is identified. The Company recognized restoration services revenue of \$8,909 and \$696 during the years ended December 31, 2023 and 2022, respectively. Restoration services deferred revenue was \$858 and \$1,869 as of December 31, 2023 and 2022, respectively.

The Company also offers extended warranties and annual service plans. Revenue associated with these services is recognized on a straight-line basis over the contract term. Fees are generally billed annually in advance and are included in deferred revenue and other long-term liabilities on the consolidated balance sheets until revenue recognition occurs.

Company-owned store revenue is included in residential services on the consolidated statements of comprehensive loss.

*Product Sales Revenue*

The Company sells products to franchisee and non-franchisee customers. Revenue for product sales in which the Company has inventory risk is recognized at a point in time when control transfers to the buyer, which is generally when the product is shipped to the customer. Payment is due within a short period of time after the shipment.

The Company acts as an agent in respect of certain third-party products that are sold through the Company's online platform. The Company has no inventory risk on these products as they are drop shipped to the end customer and the third-party vendor is primarily responsible for fulfilling the order. The Company therefore recognizes revenue at an amount equal to the net fees received after payment to the third-party vendor.

The Company recognized \$10,441, \$9,913 and \$9,320 of revenue from product sales for the years ended December 31, 2023, 2022 and 2021, respectively, in other revenues on the consolidated statements of comprehensive loss.

Obligations arising for returns, refunds, and other assurance warranties are infrequent and are not significant to the consolidated financial statements for the years ended December 31, 2023, 2022 and 2021.

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. These taxes are recorded as a liability when the amounts are billed to franchisees and the liability is relieved when payments are made to the respective taxing authority.

*Rebates*

Rebates received from third-party vendors in return for the Company maintaining a buying program that connects the vendors with the Company's franchisee customers are recognized as revenue as they become due, which is generally on a monthly basis. Rebates are calculated as a percentage of third-party sales. The Company recognized \$17,865, \$18,134 and \$12,558 of rebates in other revenue on the consolidated statements of comprehensive loss for the years ended December 31, 2023, 2022 and 2021, respectively.

*Software Service Revenue*

Software service revenue consists of the Company's software and mobile product services that are provided on a continuous basis for the contractual period. Where the Company has determined that the customer obtains a right to access our software, the Company recognizes revenue on a straight-line basis over the contractual term beginning when the customer has access to the service. Software service revenue is typically billed on a monthly basis. The Company's performance obligation is satisfied evenly over time. The Company recognized \$6,632, \$7,084 and \$6,752 of software service revenue for the years ended December 31, 2023, 2022 and 2021, respectively, in franchise service fees on the consolidated statements of comprehensive loss.

Revenue is recognized net of any taxes collected from customers which are subsequently remitted to taxing authorities. These taxes are recorded as a liability when the amounts are billed to franchisees and the liability is relieved when payments are made to the respective taxing authority.

*Contract Balances*

Contract assets, which relate to fixed franchise and NAF fees for certain franchise agreements, are amounts for which revenue has been recognized but the Company's right to consideration is conditional upon performing further service. Current contract assets are included in prepaid expenses and other current assets. The long-term contract asset balance is included in other assets on the consolidated balance sheets.

Contract liabilities are amounts collected, or an unconditional right to consideration (receivable) in advance of delivery of goods or services. Contract liabilities are typically related to billed amounts for obligations that have not yet been satisfied and therefore may not be recognized until conditions of the contract are met. Contract liabilities consist of initial franchise fees and service plans. Initial franchise fees are collected

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

near the execution date of the franchise agreement and recognized on a straight-line basis over the franchise agreement term. Fees for services plans are collected upfront and recognized over the life of the plan, which is generally one year. The current portion of contract liabilities is included in deferred revenue on the consolidated balance sheets. Long-term contract liabilities are included in other long-term liabilities on the consolidated balance sheets.

Contract assets and liabilities acquired in a business combination are accounted for in accordance with ASU 2021-08 – Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers. The Company accounts for the acquisition of contract assets and liabilities as if the Company had entered into the original contract at the same date and on the same terms as the seller. Therefore, contract assets and liabilities acquired are recognized at the same amount recorded by the seller.

The following table presents closing balances of contract assets and liabilities as of December 31, 2023 and 2022:

	Balance at December 31,		Location on the Consolidated Balance Sheets
	2023	2022	
Contract assets - short-term	\$ -	\$ 406	Prepaid expenses and other current assets
Contract liabilities - short-term	17,189	13,586	Deferred revenue
Contract liabilities - long-term	29,640	28,439	Other long-term liabilities

The Company recognized revenue of \$7,982, \$3,681 and \$2,749 for amortization of initial franchise fees for the years ended December 31, 2023, 2022 and 2021 in franchise sales fees on the consolidated statements of comprehensive loss. The Company recognized revenue of \$9,523, \$8,101 and \$6,584 for amortization of service plans for the years ended December 31, 2023, 2022 and 2021 in residential services on the consolidated statements of comprehensive loss.

*Costs Incurred to Obtain a Contract with Customers*

The Company capitalizes commissions paid to brokers that are a direct result of obtaining a new franchise agreement and amortizes these costs over the franchise agreement period. These costs are capitalized in prepaid expenses and other current assets and other assets on the consolidated balance sheets. The Company recognized \$1,957, \$689 and \$479 of commission costs in franchise sales expenses on the consolidated statements of comprehensive loss for the years ended December 31, 2023, 2022 and 2021.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable balances are pooled based on similar risk characteristics and credit risk is assessed based on historical experience, current economic conditions, and reasonable and supportable forecasts of future economic conditions. Uncollectible accounts are written off against the allowance when collection of the amounts appears doubtful. As of December 31, 2023 and 2022, the allowance for doubtful accounts was \$5,757 and \$3,170, respectively. During the years ended December 31, 2023, 2022 and 2021, the Company recognized bad debt expense of \$3,123, \$1,637 and \$1,290 and had write-offs of uncollectible accounts of \$536, \$403 and \$77, respectively.

**Cash and Cash Equivalents**

The Company considers all cash and highly liquid investments purchased with an initial maturity of three months or less to be cash or cash equivalents. Cash consists primarily of cash on hand and cash on deposit. The Company maintains its cash in banks in which deposits may, from time to time, exceed federally insured limits. The Company has not experienced any losses in such accounts and believes that it is not exposed to any significant credit risks related to cash.

In accordance with Accounting Standards Update (“ASU”) 2016-15 Statement of Cash Flows (Topic 230), cash payments made not soon after (defined as more than three months) the acquisition date of a business combination to settle any contingent consideration liabilities, the payments are separated and classified as cash outflows from financing activities and operating activities. Cash payments up to the amount of the contingent consideration liability recognized at the acquisition date (including measurement-period adjustments) are classified as financing activities; any excess is classified as operating activities. The Company paid contingent consideration of \$1,000, \$0 and \$0 during the years ended December 31, 2023, 2022 and 2021.

**Restricted Cash**

As of December 31, 2023 and 2022, the Company held \$3,314 and \$3,216, respectively, in restricted cash under the requirements of certain corporate insurance plans and as collateral in connection with the purchasing card program.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**Inventory**

Inventory consists of products, materials and equipment to be sold and is stated at the lower of cost or net realizable value, with cost determined using weighted-average, on a first-in, first-out method. Inventory is assessed on an annual basis for slow moving and obsolete items. As of December 31, 2023 and 2022, the Company had an inventory reserve of \$472 and \$513, respectively.

**Property and Equipment**

Property and equipment is stated at historical cost and depreciated using the straight-line method over the estimated useful life of the assets. Additions and betterments are capitalized, maintenance and repairs which do not extend the useful life of the assets are expensed as incurred in general and administrative expenses on the consolidated statements of comprehensive loss.

**Capitalized Software, Net**

The Company capitalizes certain costs incurred in the development of various internally used software platforms, in accordance with ASC 350-40, "Internal-Use Software", which requires certain costs incurred during the application development stage be capitalized and other costs incurred during the preliminary project and post-implementation stages be expensed as they are incurred. The Company also develops software platforms and mobile applications to be sold and capitalizes costs in accordance with ASC 985-20, "Software – Cost of Software to be Sold, Leased or Marketed", which requires development costs incurred in the research and development of new software products be expensed as incurred until technological feasibility, in the form of a working model, has been established, at which time such costs are capitalized until the product is available for general release to customers.

The Company capitalizes software development costs when the preliminary project stage is completed and the technological feasibility is established. Capitalized costs include personnel and related expenses for employees and third-party contractors who are directly associated with and who devote time to software projects. Any costs incurred to significantly upgrade or enhance the Company's software platform are also capitalized. Costs related to the preliminary project activities and post-implementation support activities are expensed as incurred. Amortization of capitalized software costs accounted for in accordance with ASC 350-40 and ASC 985-20 are recognized in depreciation and amortization and franchise support expenses, respectively, on the consolidated financial statements using a straight-line method over an estimated useful life of three to five years for mobile applications and software platforms, respectively.

**Leases**

A lease is a contract, or part of a contract, that conveys the right to control the use of an identified asset(s) for a period of time in exchange for consideration. Contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Company has the right to substantially all of the economic benefits of the assets and the ability to direct how and for what purpose the assets are used during the lease term. Leases are classified as either operating or financing.

The Company adopted Topic 842 on January 1, 2022 using the modified retrospective transition approach, and as a result did not recast prior periods. For 2021, amounts are presented under ASC 840. The Company applied the package of practical expedients permitted under the transition guidance which allows for the carry forward of historical lease identification, lease classification and initial direct costs for existing leases on the adoption date and does not require the assessment of existing lease contracts to determine whether the contracts contain a lease or initial direct costs. There was no cumulative effect adjustment to accumulated deficit as a result of this adoption at January 1, 2022. The adoption of Topic 842 did not have a significant impact on the consolidated statements of comprehensive loss or cash flows. See Note 15 Leases.

Finance and operating lease right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum lease payments over the lease term. The lease term represents the non-cancelable period of the lease, including any lessee options to renew, extend, or terminate which are considered to be reasonably certain of exercise. Some of the Company's leases include one or more options to renew and extend the lease term. The exercise of lease renewal options is at the Company's sole discretion and generally, a renewal option is not deemed to be reasonably certain to be exercised until such option is legally executed.

For operating leases, the Company utilizes the private company practical expedient for discount rates and uses a risk-free rate when the discount rate is not readily determinable in the lease. The Company recognizes lease expense for fixed lease payments on operating leases on a straight-line basis over the lease term, while variable lease payments are recognized as incurred.

Assets held under finance leases are included in property and equipment on the consolidated balance sheets and are amortized over the lesser of the term of the related lease or the estimated useful life of the asset. For financing leases, the implied rate is utilized based on the monthly interest disclosed by vendors on monthly invoicing.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The Company applies the short term lease exemption and does not recognize ROU assets and lease liabilities for leases with a lease term of 12 months or less for all asset classes. The Company has elected to not separate lease and non-lease components (such as common area maintenance) when amounts are fixed, determinable and combined within monthly lease payments.

The Company evaluates whether events and circumstances have occurred that indicate right-of-use assets have been impaired. Measurement of any impairment of such assets is based on their fair values. Once a ROU asset for a lease is impaired, the carrying amount of the right-of-use asset is reduced through expense and the remaining balance is subsequently amortized on a straight-line basis.

**Intangible Assets**

Intangible assets consist of trademarks, franchise and referral relationships, customer relationships, software, proprietary processes, and noncompetition agreements. Intangible assets are stated at their estimated fair value at the date of acquisition. Amortization is computed over the estimated useful lives of the related intangible assets using the straight-line method.

**Long-Lived Assets**

In accordance with ASC 360, Accounting for Impairment or Disposal of Long-Lived Assets, long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset group to estimated undiscounted future cash flows expected to be generated by the asset group. If not recoverable, the Company determines the fair value of the asset group using a discounted cash flow. If the carrying amount of an asset group exceeds its estimated discounted future cash flows, an impairment charge is recognized at the amount by which the carrying amount of the asset group exceeds the fair value of the asset group. The Company did not recognize any impairment charges for the years ended December 31, 2023, 2022 and 2021.

**Goodwill**

Goodwill represents the excess of acquisition costs over the fair value of assets and liabilities acquired, including specifically identified intangible assets. Commencing on January 1, 2023, the Company adopted the private company alternative accounting approach for the subsequent accounting for goodwill as provided for in ASU 2014-02, Intangibles - Goodwill and Other (Topic 350): Accounting for Goodwill. As such, the Company amortizes goodwill on a straight-line basis over a period of ten years. The accounting alternative requires the Company to make an accounting policy decision to test goodwill for impairment at either the entity level or the reporting unit level. The Company tests goodwill for impairment at the entity level.

In accordance with ASU 2021-03 - "Accounting Alternative for Evaluating Triggering Events," the Company tests goodwill for impairment if the facts and circumstances at year end indicate a triggering event exists. In conducting impairment testing, the Company has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If the Company performs a qualitative assessment and determines that the carrying value more likely than not exceeds the fair value, then the quantitative impairment test is performed, otherwise no further analysis is required. The Company also may elect not to perform the qualitative assessment and, instead, proceed directly to the quantitative impairment test. The ultimate outcome of the goodwill impairment assessment will be the same whether the Company chooses to perform the qualitative assessment or proceed directly to the quantitative impairment test.

The Company did not identify any triggering events as of December 31, 2023 and 2022 and did not recognize any impairment charges for the years ended December 31, 2023, 2022 and 2021.

**Deferred Loan Costs**

In accordance with ASU 2015-03, Simplifying the Presentation of Debt Issuance Costs ("ASU 2015-03"), the Company capitalizes and defers certain loan costs, which are presented on the consolidated balance sheets as a reduction of long-term debt or within other assets, when they relate to undrawn amounts from the Company's Class A-1 Notes and delayed draw facility. These costs are amortized over the term of the debt using the straight-line method, which approximates the effective interest method.

**Stock-Based Compensation**

Upon the formation of the Company in 2018, the Partnership established the Villa Aggregator LP Amended and Restated Executive Equity Incentive Plan (the "2018 Plan"), which governs certain stock-based and other incentive compensation with the employees. The Plan provides employees an opportunity to indirectly participate in the distribution of the future profits of the Company.

The awards issued under the 2018 Plan (known as Class B Profit Interest Units) are classified as equity awards. Compensation expense is estimated at the grant date based on an award's fair value as calculated by the Monte-Carlo simulation valuation model. Compensation expense

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

is recognized using the graded vesting attribution method over the requisite service period of five years and is included in stock-based compensation expense on the consolidated statements of comprehensive loss. The Company made a policy election to recognize forfeitures as they occur.

The Company also provides certain executives with ownership interests in the Partnership (known as Class A-2 Units) in exchange for promissory notes and rollover equity. The promissory notes only have recourse against the employee's Class A-2 units, as such they are considered to be a stock option in accordance with GAAP. In addition, the notes have an interest rate that is based on a third party indexed rate, and therefore the stock option is classified as a liability award by the Partnership. Liability classified awards are measured at each reporting date using the intrinsic value model with the related compensation expense recognized in stock-based compensation expense in the consolidated statements of comprehensive loss. Until the stock option is deemed to have been exercised through the repayment of the notes, any distributions on these shares will be deemed compensation expense.

The Company is not the legal obligor of the Class A-2 Unit awards. Therefore, the obligation (liability classified award) remains with the Partnership and any stock-based compensation charges incurred are recognized as additional paid-in capital through a noncash contribution with an offsetting charge to stock-based compensation expense.

In connection with the HELOC Transaction in November 2022, the Company established the Binford Aggregator LP Executive Equity Incentive Plan (the "2022 Plan"), which governs the Class B stock-based incentive compensation granted to certain employees. All remaining units available for issuance under the 2018 Plan and A-2 Units outstanding as of November 2022 were settled upon the close of the HELOC Transaction.

The 2022 Plan provides participants with an opportunity to indirectly participate in the distribution of the future profits of the Company. The awards issued under the Plan (known as Class B Profit Interest Units) are classified as equity awards. Compensation expense is estimated at the grant date based on an award's fair value as calculated by an options pricing model. Compensation expense is recognized using the graded vesting attribution method over the requisite service period of five years and is included in stock-based compensation expense on the consolidated statements of comprehensive loss. The Company made a policy election to recognize forfeitures as they occur.

The Company recognized stock-based compensation expense related to the settlement of the awards issued under the 2018 Plan and Class A-2 Units in connection with the HELOC Transaction. Refer to Note 14 for further details.

### **Taxes**

The Company is subject to federal and state income taxes. Accordingly, an income tax provision has been recognized for federal and state income taxes. AB Canada and Homewatch Canada are Canadian corporations that are subject to Canadian income taxes. For 2023, 2022 and 2021, income taxes for AB Canada and Homewatch Canada were insignificant.

The Company provides for income taxes in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for financial reporting and for income tax reporting. The deferred tax assets or liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

For balance sheet presentation purposes, the Company nets its deferred tax asset and deferred tax liability positions by tax jurisdiction and classifies the resulting net deferred tax asset and/or net deferred tax liability as noncurrent in accordance with ASU 2015-17, Income Taxes (Topic 740) Balance Sheet Classification of Deferred Taxes on the consolidated balance sheets.

The Company utilizes a two-step approach for recognizing and measuring uncertain tax positions accounted for in accordance with the asset and liability method. The first step is to evaluate the tax position for recognition by determining whether evidence indicates that it is more likely than not that a position will be sustained if examined by a taxing authority. The second step is to measure the tax benefit as the largest amount that is 50% likely to be realized upon settlement with a taxing authority. Income taxes are accounted for on an accrual basis.

### **Advertising Costs**

The Company administers the NAF funded by the franchisees for which the associated revenue is recognized in franchise service fees on the consolidated statements of comprehensive loss. The NAF pays for costs of preparing and producing various advertising and marketing materials for the franchisees.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The NAF advertising expenses are recognized as incurred and are included in franchise support expenses on the consolidated statements of comprehensive loss. NAF expenses for the years ended December 31, 2023, 2022 and 2021 were \$15,854, \$15,008, and \$12,858, respectively.

Non-NAF advertising expenses are recognized as incurred and included in both franchise sales expense and residential service expenses on the consolidated statements of comprehensive loss. For the years ended December 31, 2023, 2022 and 2021, \$23,099, \$16,970, and \$15,904 respectively, were expensed in the consolidated statements of comprehensive loss.

**Foreign Currency Translation**

The assets and liabilities of foreign operations in Canada, whose functional currency is other than the U.S. dollar, are translated to U.S. dollars at the period end exchange rates and revenues and expenses are translated at average exchange rates for the period. Differences arising from this translation are included in the foreign currency translation adjustment component of accumulated other comprehensive (loss) income.

For all operations, the monetary items denominated in currencies other than the functional currency are remeasured at period-end exchange rates and transaction gains and losses are included in general and administrative expense in the consolidated statements of comprehensive loss.

Nonmonetary items are remeasured at historical rates. Impacts resulting from the foreign currency fluctuations were not significant to the consolidated financial statements as of and during the periods presented.

**Fair Value Measurements**

The Company applies fair value accounting for all financial assets and liabilities and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities, which are required to be recorded at fair value, the Company considers the principal or most advantageous market in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability.

The carrying amounts of cash and cash equivalents, restricted cash, accounts receivable, inventory, prepaid expenses, accounts payable, accrued liabilities and deferred franchise fees approximate fair value because of the short maturity of the instruments. The carrying value of long-term debt approximates fair value as the stated interest rates are at market rates.

**Recently Issued Accounting Pronouncements**

*Credit Losses*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses ("ASC 326"): Measurement of Credit Losses on Financial Instruments, which requires the application of a current expected credit loss ("CECL") impairment model to financial assets measured at amortized cost (including trade accounts receivable), net investments in leases, and certain off-balance-sheet credit exposures. Under the CECL model, lifetime expected credit losses on such financial assets are measured and recognized at each reporting date based on historical, current, and forecasted information. Furthermore, the CECL model requires financial assets with similar risk characteristics to be analyzed on a collective basis. ASC 326 is effective for private companies for fiscal years beginning after December 15, 2022 and interim periods within those years. The Company adopted the new accounting standard on January 1, 2023. The adoption of ASU 2016-13 did not have a material impact on the consolidated financial statements.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**3. Acquisitions**

**Asset Acquisitions**

***Macchia***

On December 30, 2021, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of LMS, LLC, LMSRI, Inc., and LMSNH, LLC for a purchase price of \$24,726. The businesses represent a group of retail operations of Mosquito Squad. The purchase price was allocated to customer relationships intangible assets in the amount of \$27,766, which will be amortized on straight line basis over its useful life of 5 years, vehicles and equipment in the amount of \$1,500, deferred tax liability of \$5,490 and other liabilities in the amount of \$1,000. The transaction was funded with cash held on the seller's balance sheet of \$1,950 and cash held by the Company.

In accordance with guidance issued by the FASB for asset acquisitions, the purchase price was allocated to the assets acquired and liabilities assumed at cost. As such, no goodwill was recognized.

***Other***

During 2023, 2022 and 2021, the Company entered into several purchase and sale agreements to acquire 100% of the assets of other retail operations for an aggregate purchase price of \$325, \$1,570 and \$3,638, respectively. The acquisitions were funded with cash held by the Company. In accordance with guidance issued by the FASB for asset acquisitions, the purchase price was allocated to the assets acquired and liabilities assumed at cost. As such, no goodwill was recognized. The purchase price was allocated as follows:

<b>Assets acquired</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Current assets	\$ -	\$ 145	\$ -
Property and equipment	102	270	405
Intangible assets and other assets	223	1,243	3,312
Assets acquired	325	1,658	3,717
<b>Other liabilities assumed</b>	<b>-</b>	<b>(88)</b>	<b>(79)</b>
<b>Purchase price</b>	<b>\$ 325</b>	<b>\$ 1,570</b>	<b>\$ 3,638</b>

The acquired intangible assets had a preliminary useful life of 4 years.

As a result of the above transactions, the Company did not incur significant transaction costs during the years ended December 31, 2023 and December 31, 2022. During the year ended December 31, 2021, the Company incurred transaction costs of \$445.

**Business Combinations**

***WeedPro***

On March 31, 2023, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of Weed Pro, Ltd. for a purchase price of \$24,126. Weed Pro provides lawn care services including fertilization, weed control, aeration, seeding and more and has been acquired to allow for the expansion of the Company's presence within its home servicing franchising platform. The acquisition was funded with rollover equity of \$5,500 and borrowings from the Company's 2022 A-1 loan. Goodwill largely consists of strategic and synergistic opportunities resulting from combining Weed Pro with the Company's existing business. The goodwill resulting from this acquisition is tax deductible.

As a result of the transaction, the Company incurred and expensed transaction costs of \$845, which are included in transaction costs on the consolidated statements of comprehensive loss.

The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of purchase price over the aggregate fair values was recorded as goodwill.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$	914
Operating lease right-of-use assets		322
Property and equipment		840
Goodwill		19,941
Intangible assets and other assets <sup>(1)</sup>		5,499
Assets acquired		<u>27,516</u>
Operating lease liabilities		(322)
Deferred revenue		(1,989)
Other liabilities assumed		(1,079)
<b>Purchase Price</b>	<b>\$</b>	<b><u>24,126</u></b>

*(1) Identifiable intangible assets acquired include customer relationships and non-competition agreements which will be amortized on a straight-line basis over their preliminary useful lives of 4 and 5 years, respectively.*

**Screenmobile**

On February 8, 2023, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of The Screenmobile Corporation for a purchase price of \$17,915. Screenmobile is national mobile screen repair service. Screenmobile was acquired to allow for the expansion of the Company's presence within its home servicing franchising platform. The acquisition was funded with rollover equity of \$900 and borrowings from the Company's 2022 A-1 loan. Goodwill largely consists of strategic and synergistic opportunities resulting from combining Screenmobile with the Company's existing business. The goodwill resulting from this acquisition is not expected to be tax deductible.

As a result of the transaction, the Company incurred and expensed transaction costs of \$1,052, which are included in transaction costs on the consolidated statements of comprehensive loss.

The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of purchase price over the aggregate fair values was recorded as goodwill.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$	443
Operating lease right-of-use assets		125
Goodwill		10,746
Intangible assets and other assets <sup>(1)</sup>		11,860
Assets acquired		<u>23,174</u>
Deferred tax liability		(2,343)
Operating lease liabilities		(125)
Deferred revenue		(2,652)
Other liabilities assumed		(139)
<b>Purchase Price</b>	<b>\$</b>	<b><u>17,915</u></b>

*(1) Identifiable intangible assets acquired include trademarks, franchise relationships and non-competition agreements which will be amortized on a straight-line basis over their preliminary useful lives of 25 years, 15 years and 5 years, respectively.*

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

***Junkluggers***

On December 14, 2022, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of Junkluggers Franchising, LLC, Junkluggers, LLC and LugLife, LLC for a purchase price of \$79,202. Junkluggers is an eco-friendly junk removal franchise company that focuses on utilizing sustainable practices to divert waste from landfills. Junkluggers was acquired to allow for the expansion of the Company's presence within its home services franchising platform. The acquisition was primarily funded with rollover equity of \$16,000 and cash held by the Company. Goodwill largely consists of strategic and synergistic opportunities resulting from combining Junkluggers with the Company's existing businesses. The goodwill resulting from this acquisition is tax deductible.

As a result of the transaction, the Company incurred and expensed transaction costs of \$2,084, which are included in transaction costs on the consolidated statements of comprehensive loss.

The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. During the year ended December 31, 2023, there were no material changes to the purchase price allocation for Junkluggers Acquisition.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$	3,139
Operating lease right-of-use assets		1,115
Property and equipment		716
Goodwill		49,394
Intangible assets and other assets <sup>(1)</sup>		38,055
Deferred tax assets		458
<b>Assets acquired</b>		<b>92,877</b>
Operating lease liabilities		(1,115)
Deferred revenue		(8,089)
Other liabilities assumed		(4,471)
<b>Purchase price</b>	<b>\$</b>	<b>79,202</b>

*(1) Identifiable intangible assets acquired include referral relationships, trademarks, franchise relationships and non-competition agreements which will be amortized on a straight-line basis over their preliminary useful lives of 15 years, 25 years, 15 years and 1 years, respectively.*

***DRYmedic***

On November 4, 2022, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of DRYmedic Restoration Services, LLC and its subsidiaries for a purchase price of \$45,556. DRYmedic provides disaster restoration services with a focus on water damage restoration, fire damage repair and mold removal and has been acquired to allow for the expansion of the Company's presence within its home services franchising platform. The acquisition was funded with rollover equity of \$18,984 and borrowings from the Company's 2022 A-1 loan. Goodwill largely consists of strategic and synergistic opportunities resulting from combining DRYmedic with the Company's existing businesses. The goodwill resulting from this acquisition is tax deductible.

As a result of the transaction, the Company incurred and expensed transaction costs of \$1,077, which are included in transaction costs on the consolidated statements of comprehensive loss. The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. During the year ended December 31, 2023, there were no material changes to the purchase price allocation for DRYmedic Acquisition.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$ 5,038
Operating lease right-of-use assets	175
Property and equipment	276
Goodwill	25,963
Intangible assets and other assets <sup>(1)</sup>	17,113
Deferred tax assets	231
<b>Assets acquired</b>	<b>48,796</b>
Deferred revenue	(2,210)
Operating lease liabilities	(175)
Other liabilities assumed	(855)
<b>Purchase price</b>	<b>\$ 45,556</b>

*(1) Identifiable intangible assets acquired include referral relationships, trademarks and non-competition agreements which will be amortized on a straight-line basis over their preliminary useful lives of 15 years, 25 years and 3 years, respectively.*

**Woofie's**

On January 21, 2022, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of Woofie's, LLC and its subsidiaries Woofie's Mobile Pet Spa, LLC and Woofie's Pet Venture, LLC for a purchase price of \$5,043. Woofie's is a professional pet care franchise company that provides pet sitting, training, walking as well as mobile pet spa services and was acquired to allow for the expansion of the Company's presence within its home services franchising platform. The acquisition was funded with rollover equity of \$1,040 and cash held by the Company. Goodwill largely consists of strategic and synergistic opportunities resulting from combining Woofie's with the Company's existing businesses. No goodwill related to this acquisition is expected to be deductible for income tax purposes.

As a result of the transaction, the Company incurred and expensed transaction costs of \$248, which are included in transaction costs on the consolidated statements of comprehensive loss.

The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. During the year ended December 31, 2023, there were no material changes to the purchase price allocation for Woofie's Acquisition.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$ 514
Operating lease right-of-use assets	989
Property and equipment	328
Goodwill	1,942
Intangible assets and other assets <sup>(1)</sup>	2,423
<b>Assets acquired</b>	<b>6,196</b>
Operating lease liabilities	(989)
Other liabilities assumed	(164)
<b>Purchase price</b>	<b>\$ 5,043</b>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

(1) *Identifiable intangible assets acquired include customer relationships, trademarks and franchise relationships which will be amortized on a straight-line basis over their preliminary useful lives of 4 years, 25 years and 15 years, respectively.*

**Color World**

On January 10, 2022, the Company entered into a purchase and sale agreement to acquire 100% of the assets of Color World Franchise Systems, LLC, and Color World Housepainting Inc. for a purchase price of \$4,386. Color World is a paint service franchising company that has been acquired to allow for the expansion of the Company's presence within its home services franchising platform. The acquisition was funded with cash held by the Company. Goodwill largely consists of strategic and synergistic opportunities resulting from combining Color World with the Company's existing businesses. Goodwill related to this acquisition is expected to be deductible for income tax purposes.

As a result of the transaction, the Company incurred and expensed transaction costs of \$197, which are included in transaction costs on the consolidated statements of comprehensive loss.

The Company accounted for the acquisition as a business combination pursuant to ASC 805. In accordance with ASC 805, fair values are assigned to tangible and identifiable intangible assets acquired and liabilities assumed at the acquisition date based on the information that was available as of the acquisition date. During the year ended December 31, 2023, there were no material changes to the purchase price allocation for Color World Acquisition.

The Company allocated the purchase price of the acquisition to identifiable assets acquired and liabilities assumed based on their estimated fair values as of the acquisition date. The excess of the purchase price over the aggregate fair values was recorded as goodwill.

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$	33
Operating lease right-of-use assets		263
Property and equipment		33
Goodwill		2,647
Intangible assets and other assets <sup>(1)</sup>		2,154
<b>Assets acquired</b>		<b>5,130</b>
Operating lease liabilities		(263)
Other liabilities assumed		(481)
<b>Purchase price</b>	<b>\$</b>	<b>4,386</b>

(1) *Identifiable intangible assets acquired include customer relationships, trademarks and franchise relationships which will be amortized on a straight-line basis over their preliminary useful lives of 4 years, 25 years and 15 years, respectively.*

**DoodyCalls**

On February 17, 2021, the Company entered into a purchase and sale agreement to acquire 100% of the outstanding equity interests of DoodyCalls, Inc. and its affiliates DoodyCalls LLC, DoodyCalls Intellectual Property LLC for a purchase price of \$23,428. DoodyCalls is a franchising company that provides pet waste removal services for homeowners and has been acquired to allow for the expansion of the Company's presence within its home services franchising platform. The acquisition was funded with rollover equity of \$1,600 and borrowings from the Company's delayed draw credit facility. All goodwill that has been recognized in the acquisition relates to intangible assets that do not qualify for separate recognition. The goodwill resulting from this acquisition is tax deductible.

As a result of the transaction, the Company incurred and expensed transaction costs of \$751, which are included in transaction costs on the consolidated statements of comprehensive loss.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The purchase price was allocated to the assets acquired and liabilities assumed based on their estimated fair values as follows:

**Assets acquired**

Current assets	\$	1,163
Property and equipment		462
Goodwill		7,761
Intangible assets and other assets <sup>(1)</sup>		14,321
<b>Assets acquired</b>		<b>23,707</b>
<b>Liabilities assumed</b>		<b>(279)</b>
<b>Purchase price</b>	<b>\$</b>	<b>23,428</b>

(1) Identifiable intangible assets acquired include customer relationships, trademarks, non-competition agreements and franchise relationships which will be amortized on a straight-line basis over their preliminary useful lives of 4 years, 25 years, 5 years and 15 years, respectively.

**4. Inventory, net**

Inventory consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>		
	<b>Gross</b>	<b>Reserve</b>	<b>Net</b>
Products for sale	\$ 3,123	\$ (341)	\$ 2,782
Materials	2,822	(99)	2,723
Equipment	1,075	(32)	1,043
<b>Total inventory</b>	<b>\$ 7,020</b>	<b>\$ (472)</b>	<b>\$ 6,548</b>

	<b>2022</b>		
	<b>Gross</b>	<b>Reserve</b>	<b>Net</b>
Products for sale	\$ 3,382	\$ (416)	\$ 2,966
Materials	2,604	(59)	2,545
Equipment	1,266	(38)	1,228
<b>Total inventory</b>	<b>\$ 7,252</b>	<b>\$ (513)</b>	<b>\$ 6,739</b>

**5. Prepaid Expenses and Other Current Assets**

Prepaid expenses and other current assets consisted of the following as of December 31, 2023 and 2022:

	<b>2023</b>	<b>2022</b>
Notes receivable	\$ 1,550	\$ 1,081
Prepaid insurance	1,633	469
Prepaid advertising	3,324	2,598
Prepaid expenses - other	4,785	4,225
Other current assets	1,283	1,109
<b>Total prepaid expenses and other current assets</b>	<b>\$ 12,575</b>	<b>\$ 9,482</b>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**6. Property and Equipment**

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

	<u>Estimated Useful Life</u>	<u>2023</u>	<u>2022</u>
Buildings and leasehold improvements	5 - 30 years	\$ 5,794	\$ 4,667
Software- for internal use	1 - 3 years	8,900	5,568
Software- to be sold	3 - 5 years	36,522	30,214
Vehicles	2 - 5 years	26,404	20,548
Office equipment and furniture	2 - 5 years	4,157	3,255
Machinery, equipment and tools	2 - 7 years	2,965	1,813
Land		143	143
Software in development		10,290	7,242
<b>Total property and equipment</b>		<b>95,175</b>	<b>73,450</b>
Less: Accumulated depreciation and amortization		(38,768)	(22,991)
<b>Property and equipment, net</b>		<b>\$ 56,407</b>	<b>\$ 50,459</b>

As of December 31, 2023, software in development consisted of software for internal use and software to be sold of \$3,859 and \$6,431, respectively. As of December 31, 2022 software in development consisted of software for internal use and software to be sold of \$3,131 and \$4,111, respectively.

Depreciation and amortization expense recognized in the consolidated statements of comprehensive loss was \$18,459, 12,548 and 5,846, for the years ended December 31, 2023, 2022 and 2021, respectively, of which, \$10,402, \$6,401 and 1,441 for the years ended December 31, 2023, 2022 and 2021 related to software to be sold was included in franchise support expenses in the consolidated statement of comprehensive loss.

**7. Other Long-Term Assets**

Other long-term assets consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cost to obtain contracts - commissions	\$ 11,870	\$ 7,974
Prepaid customer incentive payments	744	957
Deferred financing cost	1,052	1,811
Other	756	1,144
<b>Total other long-term assets</b>	<b>\$ 14,422</b>	<b>\$ 11,886</b>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**8. Intangible Assets and Goodwill**

**Intangible Assets, Net**

Intangible assets consisted of the following as of December 31, 2023 and 2022:

	Estimated Useful Life	As of December 31, 2023			
		Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Remaining Useful Life
Trademarks	15-25 years	\$ 179,232	\$ 28,779	\$ 150,453	21
Franchise relationships	15 years	353,475	110,374	243,101	10.6
Referral relationships	15 years	12,626	248	12,378	13.8
Software	10 years	7,500	3,500	4,000	5.3
Customer relationships	4-5 years	48,479	22,656	25,823	3
Proprietary processes	10 years/7 years	2,449	1,133	1,316	5.5
Noncompetition agreements	5 years	2,000	1,186	814	3
<b>Intangible assets, net</b>		<b>\$ 605,761</b>	<b>\$ 167,876</b>	<b>\$ 437,885</b>	

	Estimated Useful Life	As of December 31, 2022			
		Gross Amount	Accumulated Amortization	Net Amount	Weighted Average Remaining Useful Life
Trademarks	15-25 years	\$ 170,832	\$ 21,611	\$ 149,221	21.9
Franchise relationships	15 years	350,075	86,114	263,961	11.5
Referral relationships	15 years	12,626	129	12,497	14.8
Software	10 years	7,500	2,750	4,750	6.3
Customer relationships	4-5 years	43,156	13,280	29,876	3.8
Proprietary processes	10 years	2,449	888	1,561	6.5
Noncompetition agreements	1-5 years	1,541	381	1,160	2
<b>Intangible assets, net</b>		<b>\$ 588,179</b>	<b>\$ 125,153</b>	<b>\$ 463,026</b>	

Amortization expense was \$42,723, \$38,223 and 31,223, for the years ended December 31, 2023, 2022 and 2021, respectively.

Estimated amortization expense for the subsequent five years and thereafter is as follows:

2024	\$ 42,608
2025	41,185
2026	39,739
2027	33,562
2028	32,568
Thereafter	248,223
	<b>\$ 437,885</b>

**Goodwill**

Commencing on January 1, 2023, the Company adopted the private company alternative accounting approach for the subsequent accounting for goodwill. As such, the Company amortizes goodwill on a straight-line basis over a period of ten years.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

Changes in the net carrying amount of goodwill for the years ended December 31, 2023 and 2022 are as follows:

	<u>2022</u>
<b>Goodwill at December 31, 2021</b>	<b>\$ 349,439</b>
Color World	2,647
Woofie's	1,942
DRYmedic	25,963
Junkluggers	49,394
<b>Goodwill at December 31, 2022</b>	<b>\$ 429,385</b>

	<u>2023</u>	<u>2022</u>
<b>Goodwill beginning of year</b>	<b>\$ 429,385</b>	<b>\$ 349,439</b>
Acquisitions	30,350	79,946
Amortization	(45,386)	-
<b>Goodwill, net end of year</b>	<b>\$ 414,349</b>	<b>\$ 429,385</b>

The gross balance of the goodwill asset and accumulated amortization as of December 31, 2023 is shown in the table below:

	<u>As of December 31, 2023</u>				
	<u>Estimated Useful Life</u>	<u>Gross Amount</u>	<u>Accumulated Amortization</u>	<u>Net Amount</u>	<u>Weighted Average Remaining Useful Life</u>
Authority Brands	10 years	\$ 154,146	\$ 15,415	\$ 138,731	9 years
ASP	10 years	16,285	1,629	14,656	9 years
Mosquito Squad	10 years	12,422	1,242	11,180	9 years
Clockwork	10 years	126,296	12,630	113,666	9 years
Monster	10 years	28,786	2,878	25,908	9 years
DoodyCalls	10 years	7,761	776	6,985	9 years
DRYmedic	10 years	25,963	2,596	23,367	9 years
Junkluggers	10 years	49,394	4,940	44,454	9 years
Weed Pro	10 years	19,941	1,496	18,445	9.25 years
Screenmobile	10 years	10,746	985	9,761	9.08 years
Other acquisitions	10 years	7,995	799	7,196	9 years
<b>Goodwill, net</b>		<b>\$ 459,735</b>	<b>\$ 45,386</b>	<b>\$ 414,349</b>	

During the periods presented, the Company did not record any goodwill impairment charges.

Estimated amortization expense for the subsequent five years and thereafter is as follows:

2024	\$ 45,974
2025	45,974
2026	45,974
2027	45,974
2028	45,974
Thereafter	184,479
	<b>\$ 414,349</b>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**9. Accrued and Other Liabilities**

Accrued and other liabilities consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Employee expenses	\$ 4,174	\$ 8,118
Rebates	2,938	1,285
Accrued interest	5,439	3,355
Advertising	4,972	6,621
Capital expenditures	770	906
Finance lease obligations	4,941	2,742
Other	4,328	5,378
<b>Total accrued and other liabilities</b>	<b>\$ 27,562</b>	<b>\$ 28,405</b>

**10. Taxes**

Income tax benefit consisted of the following for the years ended December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Current</b>			
Federal	\$ -	\$ -	\$ -
State	361	488	582
Total current income tax expense	361	488	582
<b>Deferred</b>			
Federal	(2,626)	(3,441)	(2,411)
State	(10,554)	(837)	(573)
Total deferred income tax benefit	(13,180)	(4,278)	(2,984)
<b>Total income tax benefit</b>	<b>\$ (12,819)</b>	<b>\$ (3,790)</b>	<b>\$ (2,402)</b>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

Deferred income taxes consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
<b>Deferred tax assets</b>		
Net operating losses and credits	\$ 20,645	\$ 19,966
Deferred revenue	8,684	8,047
Interest limitation	14,396	7,237
Lease obligation liability	3,353	2,249
Operating lease liabilities	4,029	3,705
Accrued expenses	512	1,319
Allowance for doubtful accounts	1,423	780
Gross deferred tax asset	<u>53,042</u>	<u>43,303</u>
<b>Deferred tax liabilities</b>		
Intangibles	(43,449)	(43,665)
Goodwill	(19,409)	(22,130)
Operating lease right-of-use asset	(3,778)	(3,527)
Property and equipment	(4,133)	(2,578)
Other	(39)	(6)
Gross deferred tax liability	<u>(70,808)</u>	<u>(71,906)</u>
<b>Total deferred tax liability</b>	<u>\$ (17,766)</u>	<u>\$ (28,603)</u>

As of December 31, 2023 and 2022, the Company has net operating loss (“NOL”) carryforwards for U.S. federal tax purposes of \$82,561 and \$80,083, respectively. The federal NOL carryforwards have no expiration. As of December 31, 2023 and 2022, the Company has NOL carryforwards of approximately \$62,769 and \$61,762, respectively, for state income tax purposes. The state NOL carryforwards expire at various dates through 2043. As of December 31, 2023 and 2022, the Company has cumulative interest limitation carryforwards for U.S. federal tax purposes of \$57,700 and \$29,006, respectively.

The Company believes that it is more likely than not that the reversal of current deferred tax liabilities and the results of future operations will be sufficient to realize the deferred tax assets and has not recorded a valuation allowance as of December 31, 2023 and 2022.

Tax year 2020 and forward are open to examination by the Internal Revenue Service and various state tax authorities.

## 11. Other Long-Term Liabilities

Other long-term liabilities consisted of the following as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deferred revenue	\$ 29,640	\$ 28,439
Finance lease obligation	8,410	6,600
Other	907	351
<b>Total other long-term liabilities</b>	<u>\$ 38,957</u>	<u>\$ 35,390</u>

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**12. Long-Term Debt**

Long-term debt consisted of the following as of December 31, 2023 and 2022:

	2023	2022
<b>Securitization</b>		
Class A-1 2021 Notes	\$ 41,500	\$ 15,500
Class A-1 2022 Notes	106,330	91,330
Class A-2 Notes	417,563	421,813
<b>Total debt</b>	<b>565,393</b>	<b>528,643</b>
Less: Current portion	4,250	4,500
Less: Unamortized deferred loan costs	10,194	11,085
<b>Long-term debt</b>	<b>\$ 550,949</b>	<b>\$ 513,058</b>

	Original Principal	Rate	Maturity
<b>Terms Loans</b>			
Class A-2 Notes	\$ 425,000	3.734%	7/30/2051
<b>Other</b>			
Class A-1 2022 Notes	\$ 200,000	3.25%+ (1)	10/31/2052
Class A-1 2021 Notes	\$ 10,400	2.625% + SOFR	7/30/2051

(1) The interest rate for purposes of the Series 2022-1 Class A-1 Notes is equal to the sum of 3.25% plus the greater of (i) the Series 2022-1 Prime Rate in effect, (ii) the Federal Funds Rate in effect on such day plus 0.50% and (iii) Term SOFR for one-month tenor plus 1.00%.

As of December 31, 2023 and 2022, interest rates were as follows:

	As of December 31,	
	2023	2022
Class A-1 2021 Notes	8.12%	7.08%
Class A-1 2022 Notes	9.62%	8.89%
Class A-2 Notes	3.73%	3.73%

Debt Issuance costs related to undrawn amounts from the Company's Class A-1 Notes and delayed draw facility were \$1,052 and \$1,811 as of December 31, 2023 and 2022, respectively, and included within other assets on the consolidated balance sheets. Other deferred financing costs related to debt of \$10,194 and \$11,085 as of December 31, 2023 and 2022 respectively, are netted in long term debt on the consolidated balance sheets. Amortization of deferred financing costs of \$1,676, \$1,692 and 1,976 is included in interest expense on the consolidated statements of comprehensive loss for the years ended December 31, 2023, 2022 and 2021, respectively.

The outstanding debt has a final legal maturity of July 2051 for Class A-2 and Class A-1 2021 Notes and October 2052 for Class A-1 2022 Notes. The Company expects to make principal payments on the Class A-2 Notes of \$4,250 in the next year and has such amount in the current portion of long-term debt as of December 31, 2023.

**Securitization**

On May 14, 2021 ("Closing Date"), the Issuer completed a financing transaction (the "Securitization Transaction") resulting in the issuance of the \$5,000 in maximum principal amount Advance Funding Facility (the "Advance Funding Facility" or "AFF"), \$50,000 in maximum principal amount of Series 2021-1 Variable Funding Senior Notes, Class A-1 (the "VFN" or the "Class A-1 2021 Notes") and \$425,000 of Series 2021-1 3.734% Fixed Rate Senior Secured Notes, Class A-2 (the "Term Notes" or "Class A-2 Notes") and, together with the Advance Funding Facility and VFN, (the "Series 2021-1 Notes"). Additionally, on November 7, 2022, the Issuer completed an additional financing transaction resulting in the issuance of \$200,000 in maximum principal amount of Series 2022-1 Variable Funding Senior Notes (the "Class A-1 2022 Notes").

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

As part of Securitization Transaction, the Company capitalized and deferred costs of \$12,663, of which \$11,863 were recorded as contra-liability to debt and \$800 were recorded within other assets as they relate to undrawn amounts from the Company's Class A-1 Notes as of December 31, 2021.

**Advance Funding Facility**

The Advance Funding Facility, which was undrawn as of December 31, 2023 and 2022, provides for a maximum outstanding principal amount of \$5,000. Under the provisions of the AFF, any outstanding advances under the AFF bear interest at a variable rate, Prime Rate + 3%, and the Issuer is obligated to pay a commitment fee related to undrawn amounts. The Company paid a commitment fee of \$121, \$150, and \$130 which is recognized in interest expense in the consolidated statements of comprehensive loss for the years ended December 31, 2023, 2022 and 2021, respectively. Prime Rate means the rate of interest publicly announced from time to time by a commercial bank mutually agreed upon by the Manager and the Advance Funding Administrative Agent as its reference rate, base rate or prime rate. The AFF will terminate upon the earlier of the (i) the payment in full of all obligations relating to the Class A-2 Notes and (ii) payment in full of all interest on and principal of all AFF advances. The AFF is not a revolving facility and, accordingly, advances made and repaid are not permitted to be reborrowed.

**Class A-1 2021 Notes**

The Class A-1 2021 Notes provide for a maximum outstanding principal amount of \$50,000. On the Closing Date, \$10,400 was drawn in the form of advances and \$5,076 in the form of letters of credit. Under the provisions of the Class A-1 2021 Notes, any outstanding LIBOR borrowings bear interest quarterly at a variable rate of 2.625% plus LIBOR, and the Issuer is obligated to pay fees of 0.50% accrued daily and paid quarterly related to undrawn amounts and any outstanding letters of credit. The anticipated repayment date for the Class A-1 2021 Notes is July 2026, subject to two one-year extensions upon the satisfaction of certain conditions. The final legal maturity date of the Class A-1 2021 Notes is July 2051. There are no principal payments due on the Class A-1 2021 Notes in the ordinary course, but the Class A-1 2021 Notes will be subject to rapid amortization if not paid in full by the anticipated repayment date. As of December 31, 2022, the Company had repaid a cumulative \$10,400 (of which \$5,400 was repaid during year ended December 31, 2022) of the advance and withdrew an additional \$15,500, resulting in an outstanding balance of \$15,500 as of December 31, 2022. During the year ended December 31, 2023, the Company withdrew an additional \$26,000, resulting in an outstanding balance of \$41,500 as of December 31, 2023.

**Class A-1 2022 Notes**

On November, 7 2022 the Company entered into the Class A-1 2022 Notes purchase agreement. The Class A-1 2022 Notes provide for a maximum outstanding principal amount of \$200,000. On the closing date, no amounts were drawn. The transaction was treated as issuance of new debt and not a modification or extinguishment to the Class A-1 2021 Notes and does not impact the borrowing capacity of terms of the Company's previous notes. Under the provisions of the Class A-1 2022 Notes, the Advance shall bear interest at (i) the base rate or (ii) if the required notice has been given for any SOFR interest accrual period, the term SOFR rate applicable to such SOFR interest accrual period for such advance. The base rate is defined as a rate per annum equal to the sum of (i) 3.25% plus (ii) the greater of (a) the series 2022-1 prime rate in effect on such day, (b) the Federal Funds Rate in effect on such day plus .50%, and (c) Term SOFR for a one-month tenor in effect on such day plus 1.00%. The anticipated start of principal payments for the Class A-1 2022 Notes is October 2024, subject to three one-year extensions upon the satisfaction of certain conditions. The Company intends to exercise the extension options and expects the subsequent repayment date to be October, 2027. The final legal maturity date of the Class A-1 2022 Notes is October 2052. There are no principal payments due on the Class A-1 2022 Notes in the ordinary course, but the Class A-1 2022 Notes will be subject to rapid amortization if not paid in full by the anticipated repayment date. As of December 31, 2022, the Company had withdrawn \$91,330 which remained outstanding as of December 31, 2022. During the year ended December 31, 2023, the Company withdrew an incremental \$22,000 and repaid \$7,000 resulting in an outstanding balance of \$106,330 as of December 31, 2023. As a result of the 2022 transaction, the Company incurred costs of \$2,528, of which \$1,476 were recorded as contra-liability to debt as of December 31, 2022 and \$1,052 were recorded within other assets as they relate to undrawn amounts.

**Class A-2 Notes**

The Class A-2 Notes were issued in the amount of \$425,000. The Class A-2 Notes have an anticipated repayment date of July 2028 and a legal final maturity date of July 2051. Interest is due quarterly, with 3 months of interest and commitment fees on the Class A-2 Notes, Class A-1 2021 Notes and Class A-1 2022 Notes required to be on deposit at all times in an interest reserve account. Interest on the A-2 notes accrues at 3.734% per annum and is due and payable on a quarterly basis. Principal payments of 0.25% of the initial principal amount of the Class A-2 Notes is payable on a quarterly basis (unless a non-amortization test is satisfied, as defined in the agreement governing the Class A-2 Notes).

The Series 2021-1 Notes are collateralized by substantially all of the assets of Issuer and collateralized by substantially all of the assets of and guaranteed by the Guarantor. The Series 2021-1 Notes are not secured, collateralized or guaranteed by any entities other than the SPE entities as defined in Note 1. The net proceeds from the Securitization Transaction, after transaction expenses, in the amount of \$397,737 were distributed by the Issuer to the Company to repay all of its previously outstanding term and revolving debt and to terminate all commitments thereunder.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

During the years ended December 31, 2023 and 2022, the Company made principal payments of \$4,250 and \$2,125, respectively, resulting in an outstanding balance of \$417,563 as of December 31, 2023.

**Letters of Credit**

The Company has three letters of credit outstanding in an aggregate face amount of \$7,300 and \$6,165 as of December 31, 2023 and 2022, respectively, for interest reserve requirements required by the Securitization Transaction. Interest reserve estimate as of December 31, 2023 reflects 3 months of interest on the Class A-2 Notes amount of \$418,000, 3 months of interest and commitment fees on the 2021 Class A-1 Notes assuming an estimated usage of \$41,500, and 3 months of interest and commitment fees on the 2022 Class A-1 Notes assuming an estimated usage of \$113,000. Interest reserve estimate as of December 31, 2022 reflects 3 months of interest on the Class A-2 Notes amount of \$421,000, 3 months of interest and commitment fees on the 2021 Class A-1 Notes assuming an estimated usage of \$25,000, and 3 months of interest and commitment fees on the 2022 Class A-1 Notes assuming an estimated usage of \$95,333.

The Series 2021-1 Notes agreements require, among other things, maintenance by the Company of principal and interest debt service coverage ratios, debt to EBITDA ratios and debt to net cash flows of Securitized entities ratios. As of December 31, 2023 and 2022, the Company was in compliance with these covenants.

**13. Stockholder's Equity**

As of December 31, 2023 and 2022, the Company had 1,000 shares of common stock issued, authorized and outstanding. The Company issued all 1,000 fully paid, nonassessable shares of the common stock at a par value of \$0.001 per share, in exchange for aggregate subscription consideration of \$1 US Dollar.

In accordance with the Certificate of Incorporation, the Company had a total of 1,000 shares of common stock to which it has the authority to issue with a par value of \$0.001 per share.

Distributions to Parent were made totaling \$21,135 in 2022 in connection with the HELOC Transaction, refer to Note 1 for details. No dividends or distributions were paid in 2023 or 2021.

**14. Stock-Based Compensation**

**Class B Profit Interest Units**

**2018 Equity Plan**

In connection with the HELOC Transaction, all of the Class B awards issued under the 2018 plan vested and were settled pursuant to the change in control provisions provided for in the award agreement. The Company recognized \$1,416 and \$5,450 in stock-based compensation expense for the settlement of the time-vesting and performance-vesting awards, respectively, for the year ended December 31, 2022. Compensation expense related to the time-vesting Class B interest units of \$1,502 was recognized in stock-based compensation expense on the consolidated statements of comprehensive loss for the year ended December 31, 2021. No units were vested as of December 31, 2021.

Prior to closing of the HELOC transaction, the Company modified the terms of the Class B Profit Interests previously granted to five management team members to allow for continued vesting post-separation. As a result of these modifications, the Company recognized stock-based compensation expense of \$18,004 for the year ended December 31, 2022 based on the modification date fair value.

**2022 Equity Plan**

In November of 2022, in connection with the HELOC Transaction, the Company entered into the Binford Aggregator LP Executive Equity Incentive Plan (the "2022 Plan"). The Company had 249,963,605 Class B Profit Interest Units authorized for issuance under the 2022 Plan and 195,498,874 and 175,724,414 shares were outstanding as of December 31, 2023 and 2022, respectively.

The awards issued under the 2022 Plan are also referred to as Class B Profit Interest Units. For the 2022 Plan, 26.67% of Class B Profit Interest Units vest over time and are conditioned upon the participant's continued employment and the achievement of a set return on invested capital. Remaining awards vest as the Company achieves multiples of the invested capital and are conditioned upon occurrence of a change in control or a qualified leverage recapitalization ("change in control events").

For the Class B Profit Interest Units granted under the 2022 Plan, for the years ended December 31, 2023 and 2022, the Company determined that it is not probable that any of the change in control events will occur and, as such, compensation expenses related to the portion of the awards

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

conditioned upon occurrence of these events has not been recognized in the consolidated financial statements as of and for the year ended December 31, 2023 and 2022.

The awards that have a time-vesting component are earned in equal tranches upon each of the anniversaries over the period of five years which was determined to be the requisite service period. These awards will not vest until the return on invested capital condition is met or upon occurrence of the change in control events even as the time-vesting condition is met. As of December 31, 2023 and 2022 no units were vested.

The table below summarizes transactions under the Company's stock-based compensation plans:

	Time-Vesting Units		
	Weighted Average Fair Value	Class B Profit Interest Units	Weighted Average Remaining Contractual Term
<b>Units outstanding as of December 31, 2020</b>	\$ 0.31	18,197,559	3.19 years
Granted	0.59	1,216,609	
Forfeitures	-	-	
<b>Units outstanding as of December 31, 2021</b>	\$ 0.33	19,414,168	2.57 years
Granted	0.02	964,876	
Forfeitures	0.28	(964,876)	
Vested due to change of control	0.32	(19,414,168)	
<b>Units outstanding as of November 30, 2022</b>	\$ -	-	N/A
Granted under 2022 Plan	0.30	46,865,701	
Forfeitures	-	-	
Vested	-	-	
<b>Units outstanding as of December 31, 2022</b>	\$ 0.30	46,865,701	4.92 years
Granted	0.31	10,920,399	
Forfeitures	0.30	(5,646,550)	
Vested	-	-	
<b>Units outstanding as of December 31, 2023</b>	\$ 0.30	52,139,550	4.05 years

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

	Performance-Vesting Units		
	Weighted Average Fair Value	Class B Profit Interest Units	Weighted Average Remaining Contractual Term
<b>Units outstanding as of December 31, 2020</b>	\$ 0.17	36,395,119	3.19 years
Grants	0.32	2,433,219	
Forfeitures	-	-	
<b>Units outstanding as of December 31, 2021</b>	\$ 0.18	38,828,338	2.57 years
Granted	0.02	9,663,251	
Forfeitures	0.15	(3,618,889)	
Vested due to Plan modification	0.13	(44,872,700)	
<b>Units outstanding as of November 30, 2022</b>	\$ -	-	N/A
Granted under 2022 Plan	0.22	128,858,713	
Forfeitures	-	-	
Vested	-	-	
<b>Units outstanding as of December 31, 2022</b>	\$ 0.22	128,858,713	4.92 years
Granted	0.23	30,025,978	
Forfeitures	0.22	(15,525,367)	
Vested	-	-	
<b>Units outstanding as of December 31, 2023</b>	\$ 0.24	143,359,324	4.05 years

The fair value of each option award is estimated on the date of the grant using the Black-Scholes options pricing model with the following assumptions for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Dividend Yield	0%	0%	0%
Risk-free interest rate	3.8%	3.8%	1.6%
Expected life of options	5 years	5 years	5 years
Volatility	47.5%	47.5%	37.5%

Expected volatilities are based on the average volatilities of comparable companies over the expected term. The risk-free interest rate is based on the average of the five-year treasury rate on the grant date of the options.

Compensation expense related to time-vesting Class B profit interest units of \$6,006 and \$535 was recognized in stock-based compensation expense under the 2022 Plan on the consolidated statements of comprehensive loss during the years ended December 31, 2023 and 2022, respectively.

As of December 31, 2023 and 2022, the Company had \$8,820 and \$13,525 of unrecognized stock-based compensation expense related to unvested time-vesting stock-compensation arrangements. As of December 31, 2023 and 2022, the Company had \$32,198 and \$28,642 of unrecognized stock-based compensation expense related to unvested performance-vesting stock-compensation arrangements.

**Class A-2 Units Issued to Certain Executives**

The Partnership provided certain executives with ownership interests in the Partnership (known as Class A-2 Units) in exchange for promissory notes and rollover equity, in accordance with the Contribution, Rollover and Subscription agreement. Under the terms of this agreement, the Company's executives were provided ownership interests in the Partnership in exchange for promissory notes.

These agreements are in substance, compensation arrangements and are accounted for as instruments similar to a stock option. Compensation expense is recognized at each balance sheet date with the changes in value recorded in the consolidated statements of comprehensive loss with the corresponding recognition of the noncash contribution from the Partnership in additional paid in capital in the consolidated balance sheet.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The Company elected to account for these awards using the intrinsic valuation technique which represents excess value of the employees' Class A-2 units that were exchanged for promissory notes over the exercise price (which represents the face value of the promissory notes plus accrued interest). 15,600,000 of A-2 units were granted on September 21, 2018 and the intrinsic value of these awards on the grant date was equal to the value of the award.

All Class A-2 units issued in 2018 were settled as a result of the HELOC Transaction based on the Transaction Date fair value. As a result, the Company recognized a gain of \$3,585 for the year ended December 31, 2022 in stock-based compensation expense on the consolidated statements of comprehensive loss. For the year ended December 31, 2021, the Company recognized a stock-based compensation expense of \$25,301 in the consolidated statements of comprehensive loss, which represents the change in the fair value of these awards. There were no additional grants of these awards during 2021 or 2022. There were no forfeitures or exercises of these awards during the years ended December 31, 2022 and 2021.

In December 2023, Binford Aggregator LP issued a new tranche of A-2 units to be provided to certain executives. As of December 31, 2023, there were approximately 476,190 A-2 units granted and the intrinsic value of this award on the grant date was equal to the value of the award. No stock-based compensation expense was recognized in the year ended December 31, 2023 and there were no forfeitures or exercises of these award during the year ended December 31, 2023.

**15. Leases**

The Company leases office and retail space for its corporate employees, retail operations and vehicles.

Supplemental balance sheet information related to our finance and operating leases are as follows:

	Classification	2023	2022
<b>Assets</b>			
Operating leases	Operating lease right-of-use assets	\$ 15,144	\$ 14,136
Finance leases	Property and equipment, net	14,392	9,122
<b>Total leased assets</b>		<b>29,536</b>	<b>23,258</b>
<b>Liabilities</b>			
Current portion:			
Operating leases	Operating lease liabilities, current portion	5,070	3,870
Finance leases	Accrued and other liabilities	4,941	2,742
Non-current portion:			
Operating leases	Operating lease liabilities, non-current portion	11,077	10,979
Finance leases	Other long-term liabilities	8,410	6,600
<b>Total lease liabilities</b>		<b>29,498</b>	<b>24,191</b>
<b>Weighted average remaining lease term (in years):</b>			
Operating leases		5.02	6.15
Finance leases		3.81	2.36
<b>Weighted average discount rate:</b>			
Operating leases		2.49%	1.68%
Finance leases		6.70%	6.33%

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

The Company's total operating and finance lease cost are comprised of the following for the years ended December 31, 2023 and 2022:

	<u>Years Ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Operating lease expense	\$ 4,851	3,675
Finance lease expense		
Depreciation expense	3,908	2,138
Interest on lease liabilities	1,074	261
Variable lease expense	1,148	643

Operating lease expense is recognized as a component of general and administrative expenses in the consolidated statements of comprehensive loss. There was no material short-term lease expense for the years ended December 31, 2023 and 2022. The Company excludes variable payments, such as common area maintenance, and operating expenses such as real estate taxes and insurance, from lease ROU assets and lease liabilities, to the extent not considered fixed, and instead expenses these costs as incurred.

Prior to the adoption of ASC 842, rent expense was \$3,070 for the year ended December 31, 2021. Minimum capital lease payments were accounted for as principal and interest payments. Interest expense for all capital leases was \$80 for the year ended December 31, 2021.

The following table describes the future maturities of the Company's operating and finance lease liabilities at December 31, 2023:

	<u>Finance Leases</u>	<u>Operating Leases</u>
2024	\$ 4,489	\$ 4,213
2025	4,038	3,284
2026	3,363	2,865
2027	2,456	2,381
2028	705	1,841
Thereafter	-	2,147
Total minimum lease payments	15,051	16,731
Less: Amount representing interest and fees	1,700	584
<b>Total lease liabilities</b>	<b>\$ 13,351</b>	<b>\$ 16,147</b>

Future lease payments related to the Company's finance leases for leased vehicles include maintenance and administrative fees and interest.

Supplemental cash flow information related to leases was as follows:

	<u>2023</u>	<u>2022</u>
Cash paid, net, for lease liabilities		
Operating cash flows from operating leases	\$ 4,624	\$ 3,529
Financing cash flows from finance leases	4,026	2,775
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating leases <sup>(1)</sup>	4,781	319
Finance leases	8,717	6,688

*(1) Amount represents ROU assets obtained in exchange for lease liabilities in non-cash transactions for new leases during the year and excludes the impact of the ASC 842 adoption and leases acquired through acquisitions.*

**16. Related Parties**

The Company has several agreements in place with related parties through common ownership by the Partnership, in the ordinary course of business as follows:

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

- Paycor, a HR and payroll solutions company, provided payroll support services to the Company for the years ended December 31, 2023 and 2022
- Assured Partners, a national partnership of financial services firms, provided insurance and employee benefits services to the Company for the years ended December 31, 2023 and 2022
- Thoughtworks, a software development and digital transformation company, provided software solutions to the Company for the years ended December 31, 2023 and 2022.
- Leadify, a digital marketing company, provided marketing lead generation services to the Company for the year ended December 31, 2023.

Board fees were paid to stockholders who provided services through membership on the Company board.

The Company also employs twenty-six individuals as of December 31, 2023 and twenty-seven as of both December 31, 2022 and 2021, who own and operate franchises of wholly owned subsidiary businesses. The Company recorded revenue and the corresponding accounts receivable related to these arrangements for the years ended December 31, 2023 and 2022, respectively. For the years ended December 31, 2023, 2022 and 2021, the Company paid rent expenses of \$587, \$556, and \$56 respectively, for a property owned by an employee and there were no corresponding accounts payable related to these arrangements.

Related party transactions consisted of the following:

	<b>Transaction</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Related parties through common ownership</b>				
Paycor	Expenses paid	\$ 430	\$ 293	\$ 223
Assured partners	Expenses paid	125	125	125
Thoughtworks	Expenses paid	1,608	1,694	7,675
Leadify	Expenses paid	1,056	-	-
<b>Stockholders</b>				
Board members	Board fees	\$ 250	\$ 150	\$ 214
<b>Transactions with employees</b>				
Revenue		\$ 4,277	\$ 4,973	\$ 4,028
Accounts receivable		132	529	103
Rent expenses paid		587	556	56

## 17. Contingencies

The Company is engaged in various legal proceedings incidental to its normal business activities. Management has determined that it is not probable that the Company has incurred any loss contingencies as defined in ASC Topic 450, Contingencies. Accordingly, no liabilities have been recorded for such matters as of December 31, 2023 and 2022. Management believes that the outcome of such matters will not have a material effect on the Company's consolidated financial statements.

## 18. Employee Benefit Plans

The Company sponsors a 401 (k) plan covering the majority of its employees meeting certain eligibility requirements. During the years ended December 31, 2023 and 2022, the Plan provides for matching contributions of 50% of employee contributions, up to 10% of the participating employee's contributions. During the year ended December 31, 2021, the Plan provided for matching contributions of 100% of employee contributions, up to 4% of the participating employee's contributions. The Company's contributions to the Plan totaled \$2,790, \$2,309, and \$1,653 for the years ended December 31, 2023, 2022 and 2021, respectively.

**Authority Brands Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements (in thousands of dollars)**  
**Three Years Ended December 31, 2023**

**19. Subsequent Events**

The Company evaluated subsequent events and transactions for potential recognition and disclosure in the consolidated financial statements through April 15, 2024, the date the consolidated financial statements were available to be issued. The Company did not identify any matters.

**EXHIBIT J**  
**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

## LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500          /Toll Free: (866) 275-2677  <a href="mailto:ASK.DFPI@dfpi.ca.gov">Email: ASK.DFPI@dfpi.ca.gov</a>  <a href="http://www.dfpi.ca.gov">Website: http://www.dfpi.ca.gov</a></p>	<p><b>NEW YORK</b>          NYS Department of Law          Investor Protection Bureau          28 Liberty St. 21st Fl          New York, NY 10005          (212) 416-8222</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Department          State Capitol          Department 414          600 East Boulevard Avenue, Fourteenth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Office of the Attorney General          Franchise Bureau          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Office of the Attorney General          Securities Division          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          State Corporation Commission          Division of Securities and Retail Franchising          1300 East Main Street, 9th Floor          Richmond, Virginia 23219          (804) 371-9051</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 1<sup>st</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Department of Financial Institutions          Securities Division—<del>3<sup>rd</sup> Floor</del>  <del>150 Israel Road, Southwest</del>  <del>Fumwater</del>  <a href="mailto:ASK.DFPI@dfpi.ca.gov">P.O. Box 41200</a>  <a href="http://www.dfpi.ca.gov">Olympia, Washington</a> <del>98501</del><a href="http://www.dfpi.ca.gov">98504-1200</a>          (360) 902-8760</p>
<p><b>MINNESOTA</b>          Minnesota Department of Commerce          85 7<sup>th</sup> Place East, Suite 280          St. Paul, Minnesota 55101          (651) 539-1600</p>	<p><b>WISCONSIN</b>          Division of Securities          4822 Madison Yards Way, North Tower          Madison, Wisconsin 53705          (608) 266-2139</p>

**AGENTS FOR SERVICE OF PROCESS**

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states: [There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.](#)

<p><b>CALIFORNIA</b>          Commissioner of Financial Protection and Innovation          Department of Financial Protection and Innovation          320 West Fourth Street, Suite 750          Los Angeles, California 90013-2344          (213) 576-7500  <a href="tel:8662752677">Toll Free: (866) 275-2677</a>  <a href="mailto:ASK.DFPI@dfpi.ca.gov">Email: ASK.DFPI@dfpi.ca.gov</a>  <a href="http://www.dfpi.ca.gov">Website: http://www.dfpi.ca.gov</a></p>	<p><b>NEW YORK</b>          New York Secretary of State          One Commerce Plaza          99 Washington Avenue          Albany, NY 12231          (518) 473-2492</p>
<p><b>HAWAII</b>          Commissioner of Securities          Department of Commerce &amp; Consumer Affairs          Business Registration Division          Securities Compliance Branch          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b>NORTH DAKOTA</b>          North Dakota Securities Commissioner          State Capitol          Department 414          600 East Boulevard Avenue, Fourteenth Floor          Bismarck, North Dakota 58505-0510          (701) 328-4712</p>
<p><b>ILLINOIS</b>          Illinois Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>	<p><b>RHODE ISLAND</b>          Director of Department of Business Regulation          Department of Business Regulation          Securities Division, Building 69, First Floor          John O. Pastore Center          1511 Pontiac Avenue          Cranston, Rhode Island 02920          (401) 462-9527</p>
<p><b>INDIANA</b>          Secretary of State          Franchise Section          302 West Washington, Room E-111          Indianapolis, Indiana 46204          (317) 232-6681</p>	<p><b>SOUTH DAKOTA</b>          Division of Insurance          Director of the Securities Regulation          124 South Euclid Avenue, 2<sup>nd</sup> Floor          Pierre, South Dakota 57501          (605) 773-3563</p>
<p><b>MARYLAND</b>          Maryland Securities Commissioner          200 St. Paul Place          Baltimore, Maryland 21202-2020          (410) 576-6360</p>	<p><b>VIRGINIA</b>          Clerk of the State Corporation Commission          1300 East Main Street, 1<sup>st</sup> Floor          Richmond, Virginia 23219          (804) 371-9733</p>
<p><b>MICHIGAN</b>          Michigan Attorney General’s Office          Corporate Oversight Division, Franchise Section          525 West Ottawa Street          G. Mennen Williams Building, 1<sup>st</sup> Floor          Lansing, Michigan 48913          (517) 335-7567</p>	<p><b>WASHINGTON</b>          Director of Department of Financial Institutions          Securities Division – 3<sup>rd</sup> Floor          150 Israel Road, Southwest          Tumwater, Washington 98501          (360) 902-8760</p>

<b>MINNESOTA</b> Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	<b>WISCONSIN</b> Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139
---	---

**EXHIBIT K**  
**STATE DISCLOSURES AND CONTRACT ADDENDA**

**INFORMATION REQUIRED  
BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

SEE THE COVER PAGE OF THE DISCLOSURE DOCUMENT FOR OUR ~~WEB-SITE~~[WEBSITE](#) ADDRESS. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF ~~BUSINESS-OVERSIGHT~~[FINANCIAL PROTECTION AND INNOVATION](#). ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF ~~BUSINESS-OVERSIGHT~~[FINANCIAL PROTECTION AND INNOVATION](#) AT [www.dbodfpi.ca.gov](http://www.dbodfpi.ca.gov).

**Item 3, Additional Disclosure.**

Neither we nor any person in Item 2 is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such parties from membership in such association or exchange.

**Item 17, Additional Disclosures.**

California Business and Professions Code Sections 20000 through 20043 provide rights to California franchisees concerning transfer, termination, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. § 101 *et seq.*).

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code § 1671, certain liquidated damages clauses are unenforceable.

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

The Franchise Agreement requires application of the laws of the State of Maryland. This provision may not be enforceable under California law.

The Franchise Agreement ~~contains a venue provision for litigation. This provision may not be enforceable under California law~~[requires binding arbitration. The arbitration will occur at Columbia, Maryland with the costs being borne equally by the parties.](#)

[Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws \(such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act\) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.](#)

You must sign a general release if you renew or transfer the franchise. This provision may not be enforceable under California law. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000

through 31516). Business and ~~Professional~~Professions Code Section ~~21000~~20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Each owner of the franchise is required to execute a personal guarantee. Doing so could jeopardize the marital assets of non-owner spouses domiciled in a community property state such as California.

## **Item 22, Additional Disclosures.**

~~Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in California.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in California.

**INFORMATION REQUIRED  
BY THE STATE OF ILLINOIS**

**Cover Page, Additional Disclosures.**

THE GOVERNING LAW, VENUE AND JURISDICTION REQUIREMENTS IN THE DISCLOSURE DOCUMENT AND THE FRANCHISE ~~AGREEMENT~~ARE AGREEMENT ARE SUBJECT TO THE PROVISIONS OF THE ILLINOIS FRANCHISE DISCLOSURE ACT, AND NOTHING IN THESE DOCUMENTS SHALL BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON YOU BY THE ILLINOIS FRANCHISE DISCLOSURE ACT.

**Item 17, Additional Disclosures.**

The conditions under which the Franchise Agreement can be terminated and your rights upon non-renewal may be affected by Sections 19 and 20 of the Illinois Franchise Disclosure Act.

Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void.

The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

**Item 22, Additional Disclosures.**

~~Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in Illinois.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in Illinois.

**ILLINOIS ADDENDUM TO THE  
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Illinois and is intended to comply with Illinois statutes and regulations. The parties agree to modify the Franchise Agreement as follows:

1. Key Accounts. Section 2.5 is amended by adding the following:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you (even if the service is provided within your territory).

2. Termination. Section 16 is amended by adding the following:

If anything in this Section concerning termination is inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

3. Renewal. Section 19 is amended by adding the following:

If anything in this Section concerning non-renewal is inconsistent with Section 20 of the Illinois Franchise Disclosure Act of 1987, then the Act shall apply.

4. Governing Law. Section 23.1 is deleted. The Illinois Franchise Regulations, Section 200.608, require that Illinois law govern franchise agreements entered into in Illinois.

5. Venue for Litigation. Section 23.6 is amended by adding the following:

Section 4 of the Act states that any provision in a franchise agreement that designates jurisdiction or venue for litigation in a forum outside of Illinois is void with respect to any action which is otherwise enforceable in Illinois.

6. Time Limit on Filing. Section 23.5 is amended by adding the following:

~~Any~~Notwithstanding the foregoing, any claims arising under the Act shall be commenced within the period of limitation established in Section 27 of the Act.

7. Section 41 of the Illinois Franchise Disclosure Act of 1987 states that any condition, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Section 41 will control over any inconsistent provisions in the Franchise Agreement.

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

9. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

*[Signatures on Following Page]*

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INDIANA ADDENDUM TO THE  
FRANCHISE AGREEMENT**

This Addendum relates to franchises sold in Indiana and is intended to comply with the Indiana statutes and regulations. The parties agree to supplement the Franchise Agreement as follows:

1. Pursuant to Section 23.2-2.7-1 of the Indiana Code, it is unlawful for any franchise agreement entered into between any franchisor and a franchisee who is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana to contain any of the following provisions:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or ~~services~~services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by this chapter or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subdivision does not apply to arbitration before an independent arbitrator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subdivision.

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subdivision includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith.

This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three (3) years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any:

(A) advertising campaign or contest;

(B) promotional campaign;

(C) promotional materials; or

(D) display decorations or materials;

at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

2. If the Franchise Agreement contains a provision that is inconsistent with the Indiana Code, the provisions of the Indiana Code will supersede the Franchise Agreement.

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

4. This Addendum will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Indiana Code, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INFORMATION REQUIRED  
BY THE STATE OF MARYLAND**

**Item 5 , Additional Disclosures.**

Based on the financial condition of our guarantor, AB Assetco LLC, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

**Item 17, Additional Disclosures.**

The Franchise Agreement requires you to sign a general release as a condition of renewal or transfer of the franchise. This ~~releases~~release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

**Item 22, Additional Disclosure.**

~~Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in Maryland.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in Maryland.

**MARYLAND ADDENDUM TO THE  
FRANCHISE AGREEMENT**

In recognition of the Maryland Franchise Registration and Disclosure Law, Maryland Stat. §§ 14-201 to 14-233, and the Rules and Regulations promulgated thereunder, the parties agree to modify the Franchise Agreement as follows:

1. Franchise Fee. Section 7.1 is amended by adding the following:

Based on the financial condition of franchisor's guarantor, AB Assetco LLC, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisee shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

2. Releases. Section 15.2.4 and Section 19.1.7 are each amended to add the following:

This release will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Entire Agreement. Section 22.12 is amended by adding the following:

Notwithstanding anything to the contrary in this Agreement, you are not required to waive any of your rights under the Maryland Franchise Registration and Disclosure Law with regard to our prior representations.

4. Governing Law. Section 23.1 is amended by adding the following sentence:

Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. Time Limit on Filing. Section 23.5 is amended by adding the following:

The foregoing limitation on the period of time arbitration and/or litigation claims must be brought shall not act to reduce the 3-year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Venue. Section 23.6 is amended by adding the following sentence:

Any choice of forum for litigation is subject to your right to bring an action under the Maryland Franchise Registration and Disclosure Law in Maryland.

7. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

68. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

*[Signatures on Following Page]*

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INFORMATION REQUIRED  
BY THE STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

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

(iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

THE FACT THAT THERE IS A NOTICE OF THIS DISCLOSURE ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding these Additional Disclosures shall be directed to the Department of the Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7717.

**\* NOTE: NOTWITHSTANDING PARAGRAPH (f) ABOVE, WE INTEND TO, AND YOU AGREE THAT WE AND YOU WILL, ENFORCE FULLY THE PROVISIONS OF THE ARBITRATION SECTION OF OUR AGREEMENTS. WE BELIEVE THAT PARAGRAPH (f) IS UNCONSTITUTIONAL AND CANNOT PRECLUDE US FROM ENFORCING THE ARBITRATION PROVISIONS.**

**INFORMATION REQUIRED  
BY THE STATE OF MINNESOTA**

**Item 13, Additional Disclosure.**

We will indemnify you against liability to a third party resulting from claims that your use of the Marks infringes trademark rights of the third party, provided that your use of the Marks is in accordance with the requirements of the Franchise Agreement and the System.

**Item 17, Additional Disclosures.**

We will comply with Minnesota Statutes Section 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

Minnesota Statutes § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring you to waive your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statutes §§ 80C.01 - 80C.22.

Minnesota Rule 2860.4400J prohibits us from requiring you to waive your rights to a trial or to consent to liquidated damages, termination penalties, or judgment notes. This rule does not bar a voluntary arbitration of any matter.

**Item 22, Additional Disclosures.**

~~Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in Minnesota.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in Minnesota.~~

## MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Minnesota Franchises Law, Minn. Stat. §§ 80C.01-80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, the parties agree to modify the Franchise Agreement as follows:

1. Releases. The following sentence is added to Section ~~15.2~~15.2.4 and Section 19.1.7:

Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22, provided that the foregoing shall not bar the voluntary settlement of disputes.

2. Term and Successor Franchise Agreement; Default and Termination. Sections 3, 16, and 19 are each amended by adding the following:

Notwithstanding anything to the contrary in Sections 3, 16, and 19, Franchisor will comply with Minnesota Statutes Clause 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that Minnesota franchisees be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

3. Licensed Marks and Copyrights. Section ~~11.6~~11.6 is amended by adding the following:

Franchisor will indemnify you against liability to a third party resulting from claims that your use of the Marks or the Works infringes trademark rights of the third party, provided that your use is in accordance with the requirements of the Franchise Agreement and the System.

4. Entire Agreement. Section 22.12 is amended by adding the following:

Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.

5. ~~4.~~ Time Limit on Filing. Section 23.5 is amended to add the following:

Notwithstanding anything to the contrary in this Section, any claim or action arising out of or relating to the Minnesota Franchises Law must be commenced within three (3) years from the occurrence of the facts giving rise to the claim or action, or the claim or action is barred.

6. ~~5.~~ Jurisdiction and Venue. Section 23.6 is amended to add the following:

Under Minnesota Statutes Section 80C.21, this section will not in any way abrogate or reduce any rights of the Franchisee as provided for in Minnesota Statutes, Chapter 80C, including the right to submit matters to the jurisdiction of the courts in Minnesota. Minnesota Statutes Section 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota.

6. ~~Entire Agreement. Section 22 is amended by adding the following:~~

~~Pursuant to Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400J, nothing in the Agreement shall in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.~~

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

8. This Addendum will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of Minnesota Statutes §§ 80C.01 - 80C.22. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INFORMATION REQUIRED  
BY THE STATE OF NEW YORK**

**Cover page, Additional Disclosures.**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT J OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON YOU TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS DISCLOSURE DOCUMENT.

**Item 3, Additional Disclosures.**

~~Other than as disclosed in Item 3, neither Franchisor nor any person listed in Item 2:~~

1

Except as provided above in this Item, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. ~~Has any~~No such party has an administrative, criminal or ~~material~~-civil action pending against that person alleging: a felony<sub>s</sub>; a violation of a franchise, antitrust<sub>s</sub>, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property<sub>s</sub>, unfair or deceptive practices<sub>s</sub>, or comparable civil or misdemeanor allegations. ~~There are no~~

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of ~~Franchisor franchises~~franchisees and the size, nature or financial condition of the ~~System~~franchise system or its business operations.

2C. ~~Has~~No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ~~ten-10~~ year period immediately preceding the ~~date of this disclosure document~~application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud<sub>s</sub>, or securities law<sub>s</sub>; fraud<sub>s</sub>; embezzlement<sub>s</sub>; fraudulent conversion or misappropriation of property<sub>s</sub>; or unfair or deceptive practices or comparable allegations.

3D. ~~Is~~No such party is subject to a currently effective injunctive or restrictive order or decree relating to the ~~Franchisor franchise~~<sub>s</sub>, or under ~~any federal, state~~a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange<sub>s</sub>, (as defined in the

Securities and Exchange Act of 1934), suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

#### **Item 4, Additional Disclosure.**

Except as described in this Item, neither Franchisor, its affiliates, its predecessors, officers, nor general partners, during the ten-year period immediately before the date of the disclosure document: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws; (b) obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws; or (c) was a principal officer of a company or general partner of a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or any foreign bankruptcy laws, or that obtained a discharge of its debts under the U.S. Bankruptcy Code or any foreign bankruptcy laws during or within one year after the officer or general partner of Franchisor held this position in the company or partnership.

#### **Item 5, Additional Disclosure.**

We use the initial franchise fee to defray our costs of offering franchises and assisting franchisees to start business. A portion of the initial franchise fee may be profit to us.

#### **Item 17, Revised Disclosures.**

1. ~~In the Item 17 Table, the~~ The following ~~sentence~~ is added to ~~item~~ ~~at the end of the~~ “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for Our approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

2. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may also terminate the Franchise Agreement on any grounds available by law.

~~2.3.~~ ~~In the Item 17 Table, the~~ The following ~~sentence~~ is added to ~~item~~ ~~at the end of the~~ “Summary” section of Item 17(j), titled “Assignment of contract by Us”:

However, no assignment will be made ~~by Franchisor~~ except to an assignee who, in ~~Franchisor’s~~ good faith and judgment of the franchisor, is willing and financially able to assume ~~Franchisor’s~~ the franchisor’s obligations under the Franchise Agreement.

~~34.~~ In the Item 17 Table, the The following *sentence* is added to ~~item~~ with the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:

The foregoing choice of law should not be considered a waiver of any right conferred upon ~~you~~ the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York, ~~Article 33.~~

### Item 17, Additional Disclosures.

~~— The New York General Business Law, Article 33, Sections 680 through 695 may supersede any provision of the Franchise Agreement inconsistent with that law.~~

~~— You must sign a general release when you renew or transfer a franchise. This provision may not be enforceable under New York law.~~

### Item 22, Additional Disclosures.

~~Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in New York.~~ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in New York.~~

### Receipts, Additional Disclosure

Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## STATEMENT OF DISCLOSURE DOCUMENT ACCURACY

THE FRANCHISOR REPRESENTS THAT THIS DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

**NEW YORK ADDENDUM TO THE  
FRANCHISE AGREEMENT**

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties agree to modify the Franchise Agreement as follows:

1. Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Sections 680 – 695 may not be enforceable.
2. Releases. Section 15.2.4 and Section 19.1.7 are each amended to add the following:  
  
The foregoing release of claims against Franchisor does not release any claim you may have under New York General Business Law, Article 33, Sections 680-695.
3. Assignment by Franchisor. Section ~~15~~15.8 is amended by adding the following:  
  
Franchisor will not assign its rights under the Franchise Agreement except to an assignee who in Franchisor's good faith judgment is willing and able to assume Franchisor's obligations under the Franchise Agreement.
4. Termination by Franchisee. Section 16 is amended by adding the following:  
  
You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.
5. Governing Law. Section 23.1 is amended by adding the following:  
  
Notwithstanding the foregoing, the New York General Business Law shall govern any claim arising under that law.
6. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. This Addendum will have effect only if the Franchise Agreement and/or the relationship between Franchisor and you satisfy all of the jurisdictional requirements of New York General Business Law, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

*[Signatures on Following Page]*

**SCREENMOBILE FRANCHISING  
SPE LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE (Print name of company):**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**INFORMATION REQUIRED  
BY THE STATE OF NORTH DAKOTA**

**Item 17, Additional Disclosures.** The following statements are added to Item 17:

The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

Exhibit E to the Franchise Disclosure Document (Questionnaire to be Completed Before Executing Franchise Agreement) is not applicable in North Dakota.

Each provision of the Additional Disclosures shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independent of the Additional Disclosures. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17, and the policies of the North Dakota Securities Commission, the parties agree to modify the Franchise Agreement as follows:

1. The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

- A. Restrictive Covenants: Franchise disclosure documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.
- B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to arbitrate disputes at a location that is remote from the site of the franchisee's business.
- C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
- D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
- E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.
- F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.
- G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.
- H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.
- I. Limitation of Claims: Requiring North Dakota franchisees to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- J. Enforcement of Agreement: Requiring North Dakota franchisees to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

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

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the North Dakota Franchise Investment Law, with respect to each such provision, are met independently of this Addendum. This Addendum shall have no force or effect if such jurisdictional requirements are not met.

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**RHODE ISLAND ADDENDUM TO THE**  
**FRANCHISE AGREEMENT**

In recognition of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the parties agree to modify the Franchise Agreement as follows:

1. Governing Law. Section 23.1 is amended by adding the following:

Notwithstanding the foregoing, Rhode Island law governs any claim arising under the Rhode Island Franchise Investment Act.

2. Jurisdiction and Venue. Section 23.6 is amended by adding the following:

Notwithstanding the foregoing, you have the right to file any litigation under the Rhode Island Franchise Investment Act in Rhode Island.

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

4. This Addendum will have effect only if the Franchise Agreement and/or the relationship between you and Franchisor satisfy all of the jurisdictional requirements of the Rhode Island Franchise Investment Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**SCREENMOBILE FRANCHISING  
SPE LLC**

**FRANCHISEE (Print name of company):**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**INFORMATION REQUIRED**  
**BY THE COMMONWEALTH OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended to add the following:

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

**Item 22, Additional Disclosures.**

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

Exhibit E to the Franchise Disclosure Document (*Questionnaire to be Completed Before Executing Franchise Agreement*) is not applicable in Virginia.

**INFORMATION REQUIRED**  
**BY THE STATE OF WASHINGTON**

In recognition of the restrictions contained in the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 – 19.100.940 (the “Act”), the Franchise Disclosure Document for use in the State of Washington is amended to add the following:

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including the areas of termination and renewal of your franchise.

In the event of a conflict of laws between the Act and the law chosen in the Franchise Agreement, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder, except when executed pursuant to a negotiated settlement after the Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those that unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming

reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Exhibit E to the Franchise Disclosure Document \(Questionnaire to be Completed Before Executing Franchise Agreement\)](#) is not applicable in Washington.

## WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT

In recognition of the Washington Franchise Investment Protection Act, Wash. Rev. Code §§ 19.100.010 – 19.100.940 (the “Act”), the parties agree to modify the Franchise Agreement as follows:

1. Section 19.100.180 of the Act may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There also may be court decisions that may supersede this Agreement in your relationship with us, including in the areas of termination and renewal of your franchise.
2. In the event of a conflict of laws, the provisions of the Act shall prevail.
3. You may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Act, in Washington.
4. A release or waiver of rights executed by you may not include rights under the Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
5. Transfer fees are collectable to the extent that they reflect our reasonable estimated or actual costs in effecting a transfer.
6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of yours, unless the employee’s earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of yours under RCW 49.62.030 unless the independent contractor’s earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the Franchise Agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
7. RCW 49.62.060 prohibits us from restricting, restraining, or prohibiting you from (i) soliciting or hiring any employee of a franchisee of ours or (ii) soliciting or hiring any employee of ours. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.
8. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise

9. This Addendum will have effect only if the Franchise Agreement and/or the relationship between you and the Franchisor satisfy all of the jurisdictional requirements of the Washington Franchise Investment Protection Act, without considering this Addendum. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

**SCREENMOBILE FRANCHISING  
SPE LLC**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE (Print name of company):**

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

STATE	EFFECTIVE DATE
California	Pending <a href="#">April 29, 2024</a>
Hawaii	Pending <a href="#">Not Filed</a>
Illinois	Pending <a href="#">April 29, 2024</a>
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Pending <a href="#">April 29, 2024</a>
North Dakota	Not Filed
Rhode Island	Pending
South Dakota	Not Filed
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**RECEIPT**  
**(Retain This Copy)**

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 we offer 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, us or an affiliate in connection with the proposed franchise sale. **New York** requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. **Iowa** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit J.

Issuance Date: April ~~25~~29, ~~2023~~2024

The franchisor is Screenmobile Franchising SPE LLC, located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland, 21046. Its telephone number is (410) 740-1900. The franchise sellers are: Scott Walker, ~~Monty Walker~~Clint Rowley, Mark Dawson, Heather McLeod, Jordan Wilson, David Montanez, Joshua Minturn, Ben Torrie, David Colella, Beth Williams and Karen Riker at the above address. Any other franchise sellers will be provided to you separately before you sign a Franchise Agreement:

---

We authorize the respective state agencies identified on Exhibit J to receive service of process for us in the particular state.

I have received a disclosure document dated April ~~25~~29, ~~2023~~2024 that included the following Exhibits:

A. Franchise Agreement (including multiple attachments)	F. Franchisees as of December 31, <del>2022</del> <u>2023</u>
B. Promissory Note, Guaranty and Security Agreement	G. Franchisees <del>Who</del> <u>That</u> Exited a Franchise in <del>2022</del> <u>2023</u>
C. Renewal Addendum	H. Operations Manual Table of Contents
D. Sample of General Release	I. Financial Statements
E. Questionnaire	J. List of State Administrators and Agents for Service of Process
	K. State Addenda/State Franchise Agreement Amendments

---

Date Received

---

Signature of Prospective Franchisee

---

Name (please print)

**RECEIPT**  
**(Our Copy)**

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 we offer 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, us or an affiliate in connection with the proposed franchise sale. **New York** requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the Franchise Agreement or other agreement or the payment of any consideration that relates to the franchise relationship. **Michigan** requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. **Iowa** requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If we do not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit J.

Issuance Date: April ~~25~~29, ~~2023~~2024

The franchisor is Screenmobile Franchising SPE LLC, located at 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland, 21046. Its telephone number is (410) 740-1900. The franchise sellers are: Scott Walker, ~~Monty Walker~~Clint Rowley, Mark Dawson, Heather McLeod, Jordan Wilson, David Montanez, Joshua Minturn, Ben Torrie, David Colella, Beth Williams and Karen Riker at the above address. Any other franchise sellers will be provided to you separately before you sign a Franchise Agreement:

---

We authorize the respective state agencies identified on Exhibit J to receive service of process for us in the particular state.

I have received a disclosure document dated April ~~25~~29, ~~2023~~2024 that included the following Exhibits:

A. Franchise Agreement (including multiple attachments)	F. Franchisees as of December 31, <del>2022</del> 2023
B. Promissory Note, Guaranty and Security Agreement	G. Franchisees <del>Who</del> That Exited a Franchise in <del>2022</del> 2023
C. Renewal Addendum	H. Operations Manual Table of Contents
D. Sample of General Release	I. Financial Statements
E. Questionnaire	J. List of State Administrators and Agents for Service of Process
	K. State Addenda/State Franchise Agreement Amendments

---

Date Received

---

Signature of Prospective Franchisee

---

Name (please print)