

## FRANCHISE DISCLOSURE DOCUMENT



### ALPHAGRAPHICS, INC.

a Delaware corporation  
143 Union Boulevard, Suite 650  
Lakewood, Colorado 80228  
(800) 955-6246  
opportunity@alphagraphics.com  
www.alphagraphics.com  
www.alphagraphicsfranchise.com

As an AlphaGraphics® franchisee, you will establish and operate a business that offers custom print and marketing solutions to local businesses utilizing strategic, multi-channel communications that may include a blend of design, print, signage, and digital marketing services.

The total investment necessary to begin operation of a new AlphaGraphics® franchised business under our New Business Center Pathway ranges from ~~\$285,315~~ \$291,289 to ~~\$368,565~~ \$374,189. This includes ~~\$220,765~~ \$227,089 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an AlphaGraphics® franchised business under our Acquire and Convert Pathway ranges from ~~\$86,450~~ \$78,200 to ~~\$273,355~~ \$273,455. This includes ~~\$56,450~~ \$57,250 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an AlphaGraphics® franchised business under our Conversion Pathway ranges from ~~\$62,500~~ \$53,450 to ~~\$249,405~~ \$248,705. This includes \$32,500 that must be paid to the franchisor or its affiliates. If you sign an area development agreement, you will also pay a development fee equal to ~~\$12,000~~ \$12,500 for each area listed in the area development agreement, which will be applied toward the applicable initial fees listed above if and when you sign a franchise agreement for that area. You must develop a minimum of one additional AlphaGraphics® franchised business under the area development agreement.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar-days before you sign a binding agreement with, or make 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 the Franchise Development Sales and Support Manager at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228 and (800) 955-6246.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission ("FTC"). 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 on franchising.

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

Issuance Date: April 25, ~~2023~~2024

AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~2024  
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## 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 Exhibits C and C-1.
<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 Exhibit D 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 AlphaGraphics® 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 an AlphaGraphics® franchisee?</b>	Item 20 or Exhibits C and C-1 lists 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 E.

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and area development agreement require you to resolve disputes with the franchisor by mediation, arbitration, or litigation exclusively in the state in which the franchisor's headquarters are located at the time of the dispute. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may cost you more to mediate, arbitrate, or litigate in the state of franchisor's headquarters than in your own state.
2. **Spousal Liability.** Your spouse or domestic partner must sign a document that makes your spouse or domestic partner liable for all financial obligations under the franchise agreement and area development agreement even though your spouse or domestic partner has no ownership interest in the franchise. This guarantee will place both your and your spouse's or domestic partner's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU:**

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

- (a) A prohibition on the right of a franchise 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 provisions 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 franchised 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.

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

- (g) A provision which permits a franchisor to refuse to permit a transfer or 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 franchisee 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 franchisor or proposed transferee to remit any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

\* \* \* \*

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

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## ITEM 1

### THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (“Disclosure Document”), the terms “we,” “us,” or “our” mean AlphaGraphics, Inc., the franchisor. The term “you” means a person, corporation, partnership, or other entity who buys a franchise from us. If you are a corporation, partnership, or other entity, your owners must sign a personal guaranty (“Guaranty and Assumption of Obligations”), which means that all of the provisions of our Franchise Agreement will also apply to your owners.

#### Franchisor and our Parents, Predecessors and Affiliates

We were incorporated in Delaware on December 4, 1986. Our principal business address is currently located at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228. Our agents for service of process are disclosed in Exhibit E. We operate under our corporate name, AlphaGraphics, Inc., and the trade and service mark “AlphaGraphics®” and no other name. (See Item 13.)

Our predecessor, AlphaGraphics, Inc. of Tucson (“AGIT”), was incorporated in Arizona on December 14, 1970. Its principal business address was 845 East Broadway, Tucson, Arizona 85719. In July 1980, AGIT changed its name to AlphaGraphics, Inc. On December 17, 1986, AGIT merged into us. AGIT operated AlphaGraphics® Printshops beginning in 1970 and first offered franchises in November 1979. Our subsidiary, AlphaGraphics Franchising, Inc. (the “Franchising Subsidiary”), offered franchises for AlphaGraphics® franchised businesses from 1980 to January 1992, but never operated any itself. We began offering franchises for AlphaGraphics® franchised businesses in January 1992 and we are the only entity now doing so in the United States. We have also offered trademark licenses outside of the United States. We began operating one or more corporate-owned AlphaGraphics® businesses in December 1986, but ceased corporate-owned operations in 2001. We currently do not operate any corporate-owned AlphaGraphics® businesses. Although we are presently not operating any corporate-owned AlphaGraphics® businesses, we may do so in the future.

We are a wholly owned subsidiary of our parent, U.S. Business Holdings, Inc., a Delaware corporation (“USBH”) formed on March 24, 2017. USBH acquired all of our issued and outstanding ownership interests on October 3, 2017 from our former parent BC Alpha LLC, a Delaware limited liability company.

USBH also owns all of the ownership interests of PostNet International Franchise Corporation, which is the franchisor for PostNet® centers, as further discussed below. USBH’s principal business address is 143 Union Boulevard, Suite 660, Lakewood, Colorado 80228. USBH does not offer franchises in any line of business.

USBH is a wholly owned subsidiary of its parent, MBE Worldwide S.p.A. (“MBE Worldwide S.p.A.”), with a principal business address of Viale Lunigiana 35/37, Milan Italy 20125.

On April 25, 2017, USBH acquired all of the issued and outstanding ownership interests of PostNet International Franchise Corporation (“PIFC”). PIFC is a Nevada corporation formed on October 27, 1992. PIFC’s principal business address is 143 Union Boulevard, Suite 600, Lakewood, Colorado 80228. PIFC is the franchisor of businesses that provide a broad array of printing and document services, graphic design, marketing services, shipping, packaging and mailing services, and other related business services under the trade name and service mark “PostNet®.” PIFC began offering franchises for PostNet® centers in July 1993. As of December 31, ~~2022~~2023, there were ~~200~~201 franchised centers (no company-owned centers) operating under the PostNet® brand (of those, ~~3~~ franchises 1 franchise in Nevada ~~operate~~operates under the trademark “PostNet Express”) in the United States and its territories.

On June 5, 2019, USBH acquired all of the stock of Print Speak Pty. Ltd., an Australian Proprietary Company with a principal business address of 2/16 McDougall St., Kirribilli NSW 2061 Australia (“Print Speak”). Print Speak is a service provider for our franchisees and may be a service provider for PIFC in the future.

Certain services that we may provide to you may be provided by departments or personnel of us or our affiliates who simultaneously provide the same or similar services to the franchisees and licensees of our affiliates (including PIFC [and WO US](#)). Some services are performed for us or our affiliates and/or either of our franchisees on a shared service or combined basis (including, for example, utilizing the same or shared personnel) or in conjunction with the performance of the same, similar, or different services on behalf of our or our affiliates’ company-owned, company-operated, licensed, or franchised businesses. Any service may be provided to us, our affiliates, and/or franchisees on a shared service basis, including but not limited to accounting and tax preparation, cash management and treasury, audit-related, human resources, legal, procurement, information technology, real estate, office support, insurance, network sales and operations, retail network development, learning and development/training, and marketing services. We and our affiliates may also provide services and programs to our franchisees, and to our affiliates and/or their licensees and franchisees. Many of the same corporate personnel responsible for providing services to our franchisees and licensees also may provide services and programs to us, our affiliates, and/or their franchisees and licensees. We and our affiliates may also utilize the same vendors for a particular service provided by third parties. We reserve the right to allocate costs, personnel, and other resources among any combined or shared services or programs. To the extent we agree to provide any support or services to you (including any support or services that we delegate to others as described in this paragraph), we alone—and not USBH or any of our affiliates—ultimately will be responsible for providing any such agreed-upon support or services to you.

In April 2009, MBE Worldwide S.p.A. acquired the Mail Boxes Etc. brand, know-how and related business outside of the United States and Canada from United Parcel Service of America, Inc. and Mail Boxes Etc., Inc., both Delaware corporations. MBE Worldwide S.p.A. offers Master License rights and agreements for the Mail Boxes Etc. system outside of the United States and Canada, for packing, shipping, printing and logistics services (the “MBE Business”). Although the MBE Business may be substantially similar your AlphaGraphics® franchised business, MBE Worldwide S.p.A. and its affiliates do not offer such services, through franchises or otherwise, in the United States or Canada, except through the ownership of PIFC and under the PostNet® brand and through the ownership of AlphaGraphics, Inc. and under the AlphaGraphics® brand. MBE Worldwide S.p.A. is not affiliated with, and does not do business as, Mail Boxes Etc. in the United States and Canada. As December 31, ~~2022~~[2023](#), MBE Worldwide S.p.A. has ~~5246~~ master franchisees and ~~1314~~ trademark licensees outside of the United States and Canada for the performance of the MBE Business. Otherwise, MBE Worldwide S.p.A. does not offer franchises in any line of business. ~~USBH does not offer franchises in any line of business.~~

Sistema Italia 93 S.r.l. is an affiliate with a principal business address of Viale Lunigiana 35/37, Milan Italy 20125 (“Sistema Italia”). Sistema Italia franchises the Mail Boxes Etc. system in Italy for the MBE Business under a Master License Agreement, and has done so since June 1992. As of December 31, ~~2022~~[2023](#), Sistema Italia has ~~588600~~ franchises in Italy. Sistema Italia has been operating its own Mail Boxes Etc. location in Milan, Italy since April 1993.

MBE Deutschland GmbH is an affiliate with a principal business address of Bundesallee 39-40a 10717 Berlin, Germany (“MBE Deutschland”). MBE Deutschland franchises the Mail Boxes Etc. system in Germany for the MBE Business under a Master License Agreement, and has done so since November 2002. As of December 31, ~~2022~~[2023](#), MBE Deutschland has 154 franchises in Germany. MBE Deutschland has been operating its own Mail Boxes Etc. location in Berlin, Germany since 2003. As of

December 31, ~~2022~~2023, MBE Deutschland also operates ~~2~~two of its own Mail Boxes Etc. locations in Berlin, Germany.

MBE France SARL is an affiliate with a principal business address of 37 Bis rue du Général Leclerc - 92130 Issy Les Moulineaux, France (“MBE France”). MBE France franchises the Mail Boxes Etc. system in France for the MBE Business under a Master License Agreement, and has done so since January 2014. As of December 31, ~~2022~~2023, MBE France has ~~94~~92 franchises in France. As of December 31, ~~2022~~2023, MBE France also operates two of its own Mail Boxes Etc. locations in Paris, France.

MBE Spain 2000 S.L. is an affiliate with a principal business address of Gran Via de led Corts Catalanes, 129-131, Pl. 12, 08014, Barcelona, Spain (“MBE Spain”). MBE Spain franchises the Mail Boxes Etc. system in Spain and Portugal for the MBE Business. MBE Spain offers franchises in Spain under a Master License Agreement, and has done so since October 1999. MBE Spain offers franchises in Portugal under a Master License Agreement, and has done so since May 2015. As of December 31, ~~2022~~2023, MBE Spain has ~~259~~257 franchises in Spain and ~~18~~21 franchises in Portugal.

MBE Poland Sp.z.o.o. is an affiliate with a principal business address of ul.Domaniewska 39A - 02-672 Warsaw, Poland (“**MBE Poland**”). MBE Poland franchises the Mail Boxes Etc. system in Poland for the MBE Business under a Master License Agreement, and has done so since January 2014. As of December 31, ~~2022~~2023, MBE Poland has ~~39~~34 franchises in Poland.

On March 1, 2021, MBE Worldwide S.p.A acquired an indirect controlling interest in Pack & Send Systems Pty Limited (“**Pack & Send**”). Pack & Send has a principal business address of MFive Industrial Park Unit 3C, 1 Moorebank Avenue, Moorebank, NSW 2170. Pack & Send offers agreements for the Pack & Send system outside of the United States and Canada, for courier and freight resale and associated services (the “**Pack & Send Business**”). Pack & Send also franchises the Pack & Send system in the United Kingdom and New Zealand under Master License Agreements, and has done so since 2008. On February 29, 2023, MBE Worldwide S.p.A acquired an indirect controlling interest in the master franchisee in the United Kingdom, Pack & Send UK Ltd., which has a principal business address of 3a Tournament Court, Tournament Fields, Warwick, Warwickshire, England, CV34 6LG. On May 9, 2023, MBE Worldwide S.p.A. acquired the total controlling interest in the master franchisee in New Zealand, BF Maro Investments Limited, a New Zealand private limited company with a principal address of c/o Sarah Roberts, 132 D St Stephens Avenue, Parnell, Auckland 1052, New Zealand. Pack & Send, Pack & Send UK Ltd., and its Australian affiliates do not offer services, through franchises or otherwise, in the United States or Canada. As of December 31, ~~2022~~2023, there are ~~124~~128 franchised Pack & Send Businesses in Australia, ~~20~~21 in New Zealand, and 21 in the United Kingdom.

On March 31, 2021, MBE Worldwide S.p.A acquired the total controlling interest in Mail Boxes Etc. (UK) Limited, an English private limited company with a principal business address of 3a Tournament Court, Tournament Fields, Warwick, Warwickshire, England, CV34 6LG. Mail Boxes Etc. (UK) Limited franchises operate the Mail Boxes Etc. system in the United Kingdom and Ireland for the MBE Business under a Master License Agreement, and have done so since 1997. As of December 31, ~~2022~~2023, Mail Boxes Etc. (UK) Limited has ~~137~~136 franchises in the United Kingdom (one of which it directly operates) and 4 in Ireland.

On March 22, 2021, MBE Worldwide S.p.A acquired the total controlling interest in MultiCopy Netherlands B.V., a Dutch private limited company with a principal business address of Transistorstraat 7, 1322 CJ Almere, The Netherlands. MultiCopy Netherlands B.V. franchises operate the MultiCopy system in The Netherlands and has done so since 1981. As of December 31, ~~2022~~2023, MultiCopy Netherlands B.V. had ~~45~~42 franchises in The Netherlands.

On July 2, 2022, MBE Worldwide S.p.A. acquired an indirect controlling interest in World Options (Franchise) Ltd. (“WO UK”), a company incorporated under the laws of England and Wales, with a principal business address of 3a Tournament Court, Tournament Fields, Warwick, England, CV34 6LG; World Options Limited (“WOL”), a company incorporated under the laws of England and Wales, with a principal business address of ~~3a Tournament~~Unit 1 Petre Court, ~~Tournament Fields, Warwick~~Petre Road, Accrington, EnglandUK, CV34 6LG~~BB5 5HY~~; and World Options, Inc. (“WO US”), a company incorporated under the laws of the state of Utah, with a principal address of ~~1 Glenlake Parkway~~143 Union Blvd., Suite 700~~625, Atlanta, Georgia, 30328~~Lakewood, Colorado 80228. WO UK offers franchises in the United Kingdom, and WOL offers franchises through a master licensee in Singapore, the Netherlands, Belgium, and Australia, all offering shipping and freight services, and they have done so since 2012. As of December 31, 2023, WOL has 35 franchises in Singapore, the Netherlands, Belgium, and Australia. As of December 31, 2023, WO UK has 95 franchises in the United Kingdom. WO US offered franchises in the United States for World Options businesses, which offer shipping and freight services, from 2017 until 2020. WO US ~~anticipates it may begin~~resumed offering franchises in the United States ~~again~~ in 2023. As of December 31, ~~2022~~2023, WO US has ~~11~~4 franchisees in the United States, ~~and WO UK and WOL have 127 franchises internationally.~~

Except as described above, we, our predecessors, and our affiliates do not offer franchises in any other line of business, and we do not engage in any other business.

#### Types of AlphaGraphics® Franchised Business Centers

We offer franchises for AlphaGraphics® business centers, which are providers of customized print and marketing communication products and services to businesses (“AlphaGraphics® Business Center(s)”, “Franchised Business Center(s)” or “Business Center(s)”). The products and services produced by an AlphaGraphics® Business Center may include: multi-channel marketing campaigns, brand identity, and awareness solutions, graphic design, offset and digital printing, bindery, mailing and fulfillment, direct mail, large format graphics, traditional signage and point of purchase, vehicle wraps, promotional products, packaging, e-commerce, digital marketing, and other marketing communications services.

You will operate your Franchised Business Center under our current franchise agreement (the “Franchise Agreement”) (Exhibit B). You will operate your Franchised Business Center at a designated location that we approve (the “Authorized Location”) within the territory the Franchise Agreement specifies (the “Protected Area”) and use our distinctive business formats, systems, methods, procedures, designs, layouts, standards and specifications (the “System”) and a number of our proprietary trademarks, trade names, commercial symbols, logos and slogans (the “Marks”).

Currently, you may develop your Franchised Business Center through one of the three following pathways:

1. **Develop a new Business Center (“New Business Center Pathway”).** You will develop and open a new Business Center at a location we approve. You will sign the Franchise Agreement (Exhibit B).
2. **Acquire an existing graphics related business and convert it to a Franchised Business Center (“Acquire and Convert Pathway”).** You may purchase an existing independent graphics related business and convert it to a Franchised Business Center. Any franchisee participating in the Acquire and Convert Pathway will sign the Franchise Agreement and the Acquire and Convert Rider (Exhibit I).
3. **Convert your existing graphics related business to a Franchised Business Center (“Conversion Pathway”).** If you already own an existing independent graphics related business, you may convert that graphics related business to a Franchised Business Center if you

meet the following qualifications: (1) you must have owned the business to be converted for at least 1 year prior to conversion; (2) you must have at least 5 years' experience in the printing or graphics industry; and (3) the graphics related business to be converted must have minimum annual gross sales of at least \$300,000 for the calendar year immediately preceding the conversion. Under the Conversion Pathway, the Authorized Location of your AlphaGraphics® Business Center may be the location of your existing business. You will also likely have an established customer base and experienced employees. You will sign the Franchise Agreement and the Conversion Rider (Exhibit I). You will have a period of 6 months after signing your Franchise Agreement to complete the conversion process and meet our then-current system standards.

If you are a current franchisee who wishes to obtain multi-unit development rights, you may choose to sign our Area Development Agreement for 1 or 2 additional territories prior to signing a Franchise Agreement. Our current Area Development Agreement is in the form of Exhibit A. The Area Development Agreement will state the number of Franchised Business Centers to be developed, the geographic area, and the timeframe. You must enter into a separate Franchise Agreement for each Franchised Business Center you ultimately develop. For each Franchised Business Center developed under the Area Development Agreement, you must sign our then-current ~~Franchise Agreement~~franchise agreement, which may be materially different than our current Franchise Agreement, by the deadline to execute the Franchise Agreement set forth in the Development Schedule (as defined in Item 11). ~~Our current Franchise Agreement is in the form of Exhibit B.~~

Except as expressly stated otherwise in this Disclosure Document, the disclosures made in this Disclosure Document regarding AlphaGraphics® franchises apply to all pathways to becoming an AlphaGraphics® franchisee. We and you may determine which pathway is best for you to develop your Franchised Business Center after you sign the Franchise Agreement, and you will have up to six months after you sign the Franchise Agreement to open the Franchised Business Center at an Authorized Location.

A “graphics related business” refers to a business that offers and sells products and services related to the graphics industry, such as offset printing, digital printing, general commercial printers, providers of multi-channel marketing communication solutions, large format printers, sign companies, advertising specialties related companies, vehicle wrap companies, thermographers, bindery operations, reprographic companies, graphic design companies, ad agencies, marketing firms, print related brokers, public relations firms, and similar companies.

### Competition and Market

The market for customized print and marketing communication products and services to businesses is well-developed. Newly developed digital technologies are adding additional product and service opportunities to the already well-developed print market. Business signage continues to be a large driver of brand awareness. Demand for digital marketing grows with the consumption of content through digital channels. You will compete with national, regional, and local printing and marketing communications companies and other business centers that offer products and services similar to those that our Franchised Business Centers offer. You will sell your products and services primarily to small-to-medium sized business enterprises, with an additional mix of large corporate businesses, particularly those with decentralized offices or staff. There are some seasonal fluctuations in our Franchised Business Center sales, but these fluctuations are not material to overall sales.

In addition to the laws and regulations applicable to businesses generally, you should consider that many governmental authorities, such as cities and municipalities, have sign ordinances that may affect your customer's ability to use the signs and business products that you offer from the Franchised Business



Center. Some states also may have laws that require persons who install signs to be a licensed contractor. Those laws will vary from state to state as to the types of installation activities and monetary value of the jobs covered by the law, as well as the criteria and experience requirements that must be met to obtain a license. You should consider any impact these laws may have in your investment decision. In a few cities and municipalities, there may be laws or regulations that discourage a printer that emits volatile organic compounds. There may be additional permits required concerning the emissions of volatile organic compounds, hazardous waste, and odor. The Occupational Safety and Health Act (OSHA) may require you and your Franchised Business Center personnel to be trained under the Hazard Communication Standard, and other OSHA and environmental protection laws may apply to your Franchised Business. Each Franchised Business Center must comply with all federal, state and local laws and regulations, and we encourage you to become familiar with these specific laws and regulations, as applicable in your state, by consulting your legal and other advisors.

## **ITEM 2 BUSINESS EXPERIENCE**

### Member, Board of Directors and Chief Executive Officer: Paolo Fiorelli

Mr. Fiorelli has served on our Board of Directors and as our Chief Executive Officer since October 2017. Since April 2017, Mr. Fiorelli has also served as a Director and as the Chief Executive Officer of PIFC. Mr. Fiorelli has also served as Chairman of the Board of our parent, MBE Worldwide S.p.A., since November 2016, and Chief Executive Officer and Director since October 2010. Since March 2017, Mr. Fiorelli has served as Chief Executive Officer, President and Director of USBH. Mr. Fiorelli has also served as an officer or director for various companies, including: for Sistema Italia 93 S.r.l., located in Milan, Italy, as Chairman of the Board since November 2016, a Director since June 1992, and Chief Executive Officer since February 2000; as Sole Director of MBE France S.a.r.l., located in Paris, France, since January 2012; as Chairman of the Board of Directors and Chief Executive Officer of MBE Spain 2000 S.L., located in Barcelona, Spain, since October 1999; as Sole Director of MBE Poland S.p.z.o.o., located in Warsaw, Poland, since August 2013; as a Director of Fineffe S.r.l., located in Milan, Italy, since November 2016; for Direfarestampare (DFS) S.r.l., located in Milan Italy, as Chairman of the Board of Directors from November 2016 to December 2021 and a Director from June 2002 to December 2021, which company was cancelled in October 2022; as Chairman of the Board of Directors of Buy-Me S.r.l., located in Milan, Italy, from April 2017 to October 2018, which company was cancelled in February 2020; as Sole Director of P-FIN S.r.l., located in Milan, Italy, since October 2011; as Sole Director of Aurelide S.r.l., located in Milan, Italy, since March 2009; and as Chairman of the Board of Directors and Chief Executive Officer of Prestashop SA, located in Paris, France, since November 2021. Mr. Fiorelli is currently located in Milan, Italy.

### Member, Board of Directors and Vice President: Samuele Spaccia

Mr. Spaccia has served on our Board of Directors and as our Vice President since October 2017, our Secretary since October 2018, and our Treasurer since October 2020. Since June 2019, Mr. Spaccia has also served as a Director, and the Treasurer and Secretary, of Print Speak. Since May 2019, Mr. Spaccia has also served as a Director and the Chief Executive Officer and Treasurer of AGI Direct. Since April 2017, Mr. Spaccia has also served as a Director of PIFC, and he has also served as PIFC's Secretary since December 2019 and its Treasurer since October 2020. Mr. Spaccia has also served as Chief Financial Officer of our parent MBE Worldwide S.p.A., located in Milan, Italy, since March 2014. Since March 2017, Mr. Spaccia has served as Vice President, Director and Secretary of USBH. Mr. Spaccia also served as Sole Director of E-Partecipazioni S.r.l., located in Milan, Italy, from February 2017 to October 2018, and as its liquidator from October 2018 until around November 2020, and as Chairman of the Board of Directors of Eurocubia S.r.l., located in Milan, Italy, since June 2017. Mr. Spaccia has also

served as Director of MBE Deutschland GmbH, located in Berlin, Germany, since July 2019. Mr. Spaccia has also served as Director of Pack & Send and its following affiliates since March 2021: Aus Business Holdings Co. Pty Limited; Pack & Send Holdings Pty Limited; and Pack & Send Online Pty Limited. Mr. Spaccia has also served as a Director of Prestashop SA, located in Paris, France, since November 2021. Mr. Spaccia has also served as a Director of MBE Australia Pty LTD since September 2021. Mr. Spaccia has also served as a Director of World Options Holdings Limited, Mail Boxes Etc. (UK) Limited, SIID Limited, World Option Limited, World Option System Limited, World Options (Franchise) Ltd, and World Options, Inc. since July 2022; Mr. Spaccia has served as Director of Pack & Send UK Ltd and Pack & Send Trading Ltd since February 2023. He served as a Director and Treasurer of Wet Ink Corporation from May 2019 to May 2022. [In May 2023, Mr. Spaccia became a Director for BF Maro.](#) Mr. Spaccia is currently located in Milan, Italy.

#### Director and Executive Vice President: Giuseppe Rudi

Mr. Rudi has served as one of our Directors since September 2019, and as Executive Vice President since December 2019. Mr. Rudi has also served as a Director of USBH and PIFC since September 2019, and Executive Vice President of USBH and AGI since December 2019. Mr. Rudi has also served our parent MBE Worldwide S.p.A. since 2014, in various roles, including the following: Group MBE Chief Operating Officer since January 2020; MBE Brand Chief Operating Officer from May 2017 to December 2019; and Director from April 2016 to February 2020. Mr. Rudi has also served as an officer or director for various companies, including: President of Jonathan & Assist S.r.l., in Brescia, Italy, since January 2018; President of CZ Mail S.r.l. in Mantova, Italy, since December 2019; President of Forama S.r.l. in Pesaro, Italy since July 2019; Director and CEO of Eurocubia S.r.l. in Milan, Italy since June 2017; ~~Director and CEO of Buy Me S.r.l. In Liquidazione in Milan, Italy from April 2014 to November 2018, which company was cancelled in February 2020; Director of Pony Zero S.r.l. from October 2015 to July 2018, which company was cancelled in February 2020;~~ Director of MBE Deutschland GmbH, in Berlin, Germany, since February 2019; President and CEO of Marcana 2017 SL in Barcelona, Spain from July 2017 to December, 2020, which company was merged into MBE Spain 2000 SL in December 2020; Sole Director of MBE Gesdirect SL from April 2018 to present; Director of MBE Spain 2000 SL in Barcelona, Spain since Director 2020; President of MAS Milano SRL in Milan, Italy since December 2021; President of GEL Proximity SRL in Milan, Italy since April 2022; Director of World Option Holding Limited, Mail Boxes Etc. (UK) Limited, SIID Limited, World Option Limited, World Option System Limited, World Options (Franchise) Ltd., and World Options, Inc., since July 2022, and Director of Pack & Send UK Ltd and Pack & Send Trading Ltd, since February 2023. Mr. Rudi is currently located in Milan, Italy.

#### President and Chief Operating Officer: Ryan Farris

Mr. Farris has served as our President since December 2017. He has served as our Chief Operating Officer since July 2017. Mr. Farris has served as a Director and the President and Chief Executive Officer of Print Speak since June 2019, as President and Chief Operating Officer of PIFC since August 2020, and as Chief Operating Officer of USBH since August 2020. [Mr. Farris has served as Region Executive Vice President of MBE Worldwide S.p.A since January 2024. In March 2024, Mr. Farris became a Director for BF Maro as well as Pack & Send and its following affiliates: Aus Business Holdings Co. Pty Limited; Pack & Send Holdings Pty Limited; and Pack & Send Online Pty Limited.](#) Mr. Farris has also served as a director for Threshold Brands, located in Boston, Massachusetts, since October 2021. ~~Previously, Mr. Farris served as our Chief Technology Officer from August 2015 to March 2019.~~

#### Vice President of Franchise Development: William “Bill” McPherson

Mr. McPherson has served as our Vice President of Franchise Development since September 2018. He has also served as PIFC's Vice President of Franchise Development since August 2020. ~~Prior to joining us, Mr. McPherson served as Executive Director for FirstLight Home Care LLC, located in Mason, Ohio, from October 2012 to July 2018.~~

Executive Vice President of Network Sales ~~and Operations~~: Dale Myska

Mr. Myska has ~~served as our~~been Executive Vice President of Network Sales for us and ~~Operations~~PIFC since ~~August 2020~~October 2023. He has also served as Chief Operating Officer for World Options, Inc. since August 2023. Mr. Myska served as Executive Vice President of Network Sales and Operations for us and PIFC ~~since~~from August 2020 to September 2023. From December 2019 to August 2020, Mr. Myska served as PIFC's Chief Operating Officer. From August 2018 to December 2019, Mr. Myska served as PIFC's Vice President of Retail Network Development. ~~Prior to joining us, Mr. Myska served United Parcel Service, Inc., located in Commerce City, Colorado, in a variety of different roles, including business development and marketing, and most recently as Field Industry Segment Manager, from August 2005 to August 2018.~~

Vice President of Marketing: Stephanie Johnson

Ms. Johnson has served as our Vice President of Marketing since February 2020. She has also served as PIFC's Vice President of Marketing since August 2020. Ms. Johnson previously served as our Marketing Campaign Manager from January 2019 to February 2020. ~~Prior to joining us, Ms. Johnson served as Marketing Manager for the American Society of Safety Professionals, located in Park Ridge, Illinois, from February 2011 to January 2019.~~

Vice President of Learning and Development: Clain Udy

Mr. Udy has served as our Vice President of Learning and Development since February 2018. He has also served as PIFC's Vice President of Learning and Development since August 2020. ~~Previously, Mr. Udy served as our Training Director from April 2015 to February 2018.~~

People ~~Director~~Vice President: Karla Tapia

Ms. Tapia has served as People Vice President for us and PIFC since January 2024. Previously, she served as People Director for us and PIFC ~~since~~from September 2022 to December 2023, and as a People Business Partner for us and PIFC from January 2022 to September 2022. Prior to joining us, she served as a Human Resources Specialist for Saunders Construction in Denver, Colorado, from December 2018 to December 2021, ~~and as a Human Resources Administrative Assistant for Colorado Autism Consultants in Denver, Colorado, from November 2017 to December 2018.~~

Vice President of Information Technology: ~~Ira Shapiro~~Dave Tecson

Mr. ~~Shapiro~~Tecson has served as ~~our~~ Vice President of Information Technology for us and PIFC since ~~February 2019~~January 2024. He ~~has also~~ served as ~~PIFC's and USBH's Vice President of~~ Information Technology ~~since August~~Director for us and PIFC from October 2023 to December 2023. He ~~previously~~ served as AGI's Program Director - E-commerce and National Sales from April 2023 to September 2023 and prior to that served as AGI's Product Manager from June 2020 to March 2023. Prior to joining us, ~~Mr. Shapiro~~he served as ~~the Executive Vice President and Chief Information Officer~~a Product Manager



for ~~Quantum Group, located Coretex, in Morton Grove, Illinois~~ Houston, Texas, from ~~January 2016 to June~~ November 2018 to May 2020.

Vice President of Finance and Accounting: Peter Lopez

Mr. Lopez has served as our Vice President of Finance and Accounting since November 2020. He has also served as Vice President of Finance and Accounting for PIFC and USBH since November 2020. Prior to joining us, Mr. Lopez was Vice President of Finance at OneTouchPoint West Division, located in Denver, Colorado, from June 2015 to October 2020.

Group Chief Corporate Affairs Officer: Kathleen Panek

Ms. Panek has served as Group Chief Corporate Affairs Officer of USBH since February 2023 and Chief Corporate Affairs Officer of MBE Worldwide S.p.A since June 2022. She previously served as General Counsel for us, PIFC, and USBH from February 2018 until February 2023, and as a Director and the Secretary and General Counsel of AGI Direct from May 2019 to December 2023. She has also served as Assistant Secretary of Print Speak since June ~~2019 and as a Director and the Secretary and General Counsel of AGI Direct since May~~ 2019.

General Counsel: Alexandra Williams

Ms. Williams has served as General Counsel for us, PIFC, and USBH since February 2023. She has served as General Counsel and Secretary for World Options, Inc. since August 2023 and AGI Direct since December 2023. Prior to joining us, Ms. Williams was Senior Corporate Attorney at Church Mutual Insurance Company, S.I., headquartered in Merrill, Wisconsin with an office in Denver, Colorado, from August 2018 to February 2023. ~~From April 2016 to August 2018, Ms. Williams worked as an Associate Attorney for the law firm of McNees Wallace and Nurick LLC in Harrisburg, Pennsylvania.~~

Vice President of Purchasing and Operations: Richard "Cory" Sawatzki

Mr. Sawatzki has been ~~our~~ Vice President of Purchasing and Operations for us, USBH and PIFC since September 2018. Since September 2018, Mr. Sawatzki has also October 2023. He previously served as the Vice President of Purchasing ~~of for us,~~ USBH, and PIFC. ~~Prior to joining us, Mr. Sawatzki was owner of Spotlight Pro, located in Nashville, Tennessee, from March 2015 to August~~ September 2018. From December 2015 to August 2018, Mr. Sawatzki was Director of Digital Printing Technology for CGS Publishing Technologies International, LLC, located in Minneapolis, Minnesota to October 2023.

Unless otherwise stated above, each individual listed in Item 2 maintains an office at our headquarters in Lakewood, Colorado.

### ITEM 3 LITIGATION

~~No~~

Litigation Against Franchisees

During the last fiscal year, we initiated the following action against a former franchisee and its guarantors:

**Suit to Collect Past Due Amounts and Enforce Post-Term Obligations:**

AlphaGraphics, Inc. v. D & R Marketing, Inc., Renee Graves, and Duane Graves, American Arbitration Association Case No. 01-23-0005-5241.

Other than this action, 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**

**New Business Center Pathway**

If you are developing a new Franchised Business Center, you will pay us the following fees before you begin operating your Franchised Business Center:

Type of Fee	Amount of Fee <sup>1</sup>	When Due	Notes
Initial Franchise Fee	<del>\$48,950</del> <sup>2</sup> <u>\$49,750</u> <sup>2, 3, 4, 5, 6</sup>	Due when you sign the Franchise Agreement	Also covers the initial training program that you or your Managing Owner must attend, plus training of one designated management-level employee and includes our initial on-boarding support services. <u>In addition, the Initial Franchise Fee for your first new Franchised Business Center also covers your first Network Conference Registration Fee.</u> Does not include any travel and related living costs during attendance.
Opening/Reopening Performance Package	\$10,000 <sup>4</sup>	Due when you sign the Franchise Agreement	Includes items as determined by us to enhance the opening of your Franchised Business Center using the AlphaGraphics <sup>®</sup> System, such as an opening campaign, grand opening event expenses, and marketing support. You must use the package within 1 year of signing the Franchise Agreement or it will expire, and you will not receive a refund of the payment.
MIS System (PrintSmith <sup>®</sup> Vision)	\$15,000 <sup>4, 6</sup>	Due one week prior to attending training	This is the initial license fee for the PrintSmith <sup>®</sup> Vision software. Currently, you must enter into the PrintSmith <sup>®</sup> Vision License and Support Agreement (Schedule C to the Franchise Agreement) for the license and ongoing support of the MIS System Fee. If your Franchised Business Center is subject to a Support Program as described in Note 4, your MIS System Fee is waived.
CRM System (Print Speak <sup>®</sup> )	\$250 <sup>6</sup>	Due one week prior to attending training	This is the initial license fee associated with the Print Speak CRM Platform. Ongoing license fees associated with Print Speak are included in the Managed Services Program fee described in Item 6.
Center Development Package <sup>7</sup>	<del>\$146,565</del> <u>\$152,089</u>	Due when you sign the lease for your Center premises, or 90 days prior to the projected opening date of the Center, whichever is later.	
<b>Total Initial Fees</b>	<del>\$220,765</del> <u>\$227,089</u>		

### **Explanatory Notes:**

1. All fees are non-refundable. Except as outlined below, these fees are uniformly imposed.
2. We are a member of the International Franchise Association (“IFA”). We participate in the IFA’s VetFran program. Under this program, if you or your spouse is an honorably discharged United States veteran, you will receive a \$10,000 discount off the Initial Franchise Fee. We also participate in the IFA’s ~~DiversityFran~~[Diversity Discount](#) Initiative. Under this program, if you are a member of an ethnic minority group or if your franchisee entity is 100% owned by members of an ethnic minority group (i.e., every individual with an ownership interest in the franchisee entity is a member of an ethnic minority group), you will receive a \$5,000 discount off the Initial Franchise Fee. For the purposes of our program, a “minority” means an individual who is a United States citizen and who is a member of an ethnic minority group. If you are a woman or if your franchisee entity is 100% owned by women (i.e., every individual with an ownership interest in the franchisee entity is a woman), you will receive a \$5,000 discount off the Initial Franchise Fee. If you wish to receive any of these discounts, you must submit a written request for the applicable discount at the same time you submit other information needed to prepare your Franchise Agreement. These one-time incentives are offered only to new franchisees in connection with their first-time purchase of a new franchise and are not available to existing franchisees.
3. If you are an existing AlphaGraphics® franchisee who desires to purchase another Franchised Business Center, you must satisfy our then-current Certification For Expansion (“CFE”) requirements and qualifications prior to us granting approval to an additional franchise. Our CFE requirements include but are not limited to business experience, net worth, and liquidity requirements, the existing Franchised Business Center’s performance meeting or exceeding metrics targets, compliance with your existing franchise agreement, System Standards, and a satisfactory, detailed multi-unit business plan. In addition, your Franchised Business Center must be operated by a Managing Owner or Certified Manager who has completed training which is equivalent to our then-current initial training program. If you are an existing AlphaGraphics® franchisee and purchase an additional AlphaGraphics® franchise, you will receive a discount of 50% off the Initial Franchise Fee that we are charging under the then-current franchise agreement.
4. Under certain circumstances, we may determine that your territory, which was subject to a Franchise Agreement with another franchisee in the twenty-four (24) months preceding your signing of a Franchise Agreement, qualifies for additional financial and operational support (“Support Program”). In making that determination, we may take into account: prior ownership, prior operational compliance, prior sales or lack thereof, financial management of the territory, current client base, and prior staffing levels, tenure and training. If that determination is made, you may not be required to pay the Opening/Reopening Performance Package, you may at your option pay the Initial Franchise Fee in 12 monthly installments with the first installment due upon signing of the Franchise Agreement, and you will receive additional discounts on some recurring fees as described below in Item 6. If you are an existing AlphaGraphics® franchisee who meets our qualifications and you choose to purchase another Franchised Business Center under the New Business Center Pathway, your purchase of the Opening/Reopening Performance Package (and payment of the Opening/Reopening Performance Package fee) is optional; however, if you do not purchase the Opening/Reopening Performance Package under these circumstances, we will not provide you with the Sales and Marketing Incentive Package described in Item 11.

If you are acquiring a Franchised Business Center in connection with a transfer from an existing franchisee, the fee for the Opening/Reopening Performance Package will be reduced to \$5,000. If you sign a Franchise Agreement in connection with the expected transfer of a franchised AlphaGraphics® Business Center but the transfer has not closed as of the effective date of the Franchise Agreement, you will have 90 days to close the transfer with the prior franchisee. If the transfer or sale does not close within 90 days, we may terminate the Franchise Agreement. If that occurs, we will refund to you any unused portion of the Opening/Reopening Performance Package within a reasonable time following the effective date of the termination.

5. Employees of any franchised or corporate AlphaGraphics® Business Center or location who are becoming first-time franchisees will pay an Initial Franchise Fee equal to the Initial Franchise Fee discounted by 70%.
6. ~~During our last fiscal year, we granted one franchisee a payment plan that allowed it to pay its Initial Franchise Fee in nine equal monthly installments commencing four months after the effective date of its franchise agreement.~~ We have instituted an incentive program that offers a payment plan for the Initial Franchise Fee. If you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~half is payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee is payable in 9 equal installments beginning on the first day of the calendar month following the effective date of the Franchise Agreement. Additionally, if you sign your Franchise Agreement within 30 days of the post-discovery date notice of approval, the following fees shall be reduced or prepaid as follows for the first year following the Effective Date of the Franchise Agreement: (i) Royalties shall be fixed at 3% of Gross Sales; (ii) the Brand Fund Fee shall be fixed at 1% of Gross Sales; (iii) the one-time initial MIS License Fee of \$15,000 is waived; (iv) the monthly PrintSmith Vision fee shall be a prepaid fee in the amount of \$5,500, which fee covers the first 24 months (valued at \$7,200); (v) the one-time initial agOnline Fee of \$1,500 is waived; (vi) the monthly agOnline fee shall be a prepaid fee in the amount of \$7,200, which fee covers the first 24 months (valued at \$9,864); (vii) the initial one-time CRM fee of \$250 is waived; (viii) the monthly CRM fee shall be a prepaid fee in the amount of \$4,500, which fee covers the first 24 months (variable value between \$6,000-\$18,000). The total prepaid fees, which are due upon signing, will increase the initial investment by \$17,200.
7. You are required to purchase a “Center Development Package” from us that consists of basic décor and millwork package, computer equipment, printing and bindery equipment, durable large format printer, wide format laminator and vinyl cutter/plotter, interior and exterior signs, and certain supplies and initial inventory for your AlphaGraphics® Business Center, in the amount (“Center Development Fee”) of ~~\$146,565~~\$152,089 for our Center Development Package. The Center Development Fee also includes the costs of an exterior sign up to 24 inches in height for your AlphaGraphics® Business Center. Schedule H of the Franchise Agreement contains complete descriptions of the items included in the Center Development Package. We may substitute items of greater or equal value at our sole option. The Center Development Fee is not refundable under any circumstances and is payable when you sign the lease for your AlphaGraphics® Business Center’s premises, or 90 days before the projected opening date of the AlphaGraphics® Business Center, whichever date is later. You will be required to pay sales and/or use tax on some or all of the equipment, fixtures, and other assets from the Center Development Package that are not for resale (such as inventory items). In some cases, we will collect those taxes from you and pay them directly to the states, in which case you will be required to make a payment to us in excess of your Center Development Fee. If required, this tax payment is due after your Center Development Fee, but before the opening date. In other cases, you will be required to pay these taxes directly to the appropriate taxing authority.

If you are an existing AlphaGraphics franchisee and you are purchasing another AlphaGraphics franchise, we may, at our sole option, allow you to obtain certain equipment, fixtures, or supplies listed in Schedule H of the Franchise Agreement from an alternative source, which items and sources must meet our specifications, for use in your new Franchised Business Center. In such circumstances, you must pay the full Center Development Fee, but we will issue credits to you for the specific equipment, fixtures, or supplies that will not be included in your Center Development Package and that we authorize you to obtain from an alternative source.

#### Acquire and Convert Pathway

If you are acquiring an existing graphics related business and converting it to Franchised Business Center, you will pay us the following fees before you begin operating your Franchised Business Center:

Type of Fee	Amount of Fee <sup>1</sup>	When Due	Notes
Initial Franchise Fee	<del>\$48,950</del> <sup>2, 3, 5</sup> \$49,750	Due when you sign the Franchise Agreement	Also covers the initial training program that you or your Managing Owner must attend, plus training of one designated management-level employee and includes our initial on-boarding support services. Does not include any travel and related living costs during attendance.
Opening/Reopening Performance Package	\$7,500 <sup>4</sup>	Due when you sign the Franchise Agreement	Includes items as determined by us to enhance the reopening of the acquired business as an AlphaGraphics® Business Center using our System, such as an opening campaign or transition marketing support, and grand opening event expenses. You must use the package within 1 year of signing the Franchise Agreement or it will expire, and you will not receive a refund of the payment.
<b>Total Initial Fees</b>	<del>\$56,450</del> \$57,250		

#### Explanatory Notes:

- All fees are non-refundable. Except as outlined below, these fees are uniformly imposed.
- If you are an existing AlphaGraphics® franchisee who desires to purchase another Franchised Business Center, you must satisfy our then-current CFE requirements and qualifications prior to us granting approval to an additional franchise. Our CFE requirements include but are not limited to business experience, net worth, and liquidity requirements, the existing Franchised Business Center's performance meeting or exceeding metrics targets, compliance with your existing franchise agreement, System Standards, and a satisfactory, detailed multi-unit business plan. In addition, your Franchised Business Center must be operated by a Managing Owner or Certified Manager who has completed training which is equivalent to our then-current initial training program. If you are an existing AlphaGraphics® franchisee and purchase an additional AlphaGraphics® franchise, you will receive a discount of 50% off the Initial Franchise Fee that we are charging under the then-current franchise agreement.

We participate in the IFA's VetFran program. Under this program, if you or your spouse is an honorably discharged United States veteran, you will receive a \$10,000 discount off the Initial Franchise Fee. We also participate in the IFA's ~~DiversityFran~~Diversity Discount Initiative. Under this program, if you are a member of an ethnic minority group or if your franchisee entity is 100% owned by members of an ethnic minority group (i.e., every individual with an ownership interest in the franchisee entity is a member of an ethnic minority group), you will receive a \$5,000 discount off the Initial Franchise Fee. If you are a woman or if your franchisee entity is 100% owned by women (i.e., every individual with an ownership interest in the franchisee entity is a woman), you will receive a \$5,000 discount off the Initial Franchise Fee. If you wish to

receive any of these discounts, you must submit a written request for the applicable discount at the same time you submit other information needed to prepare your Franchise Agreement. These one-time incentives are offered only to new franchisees in connection with their first-time purchase of a new franchise and are not available to existing franchisees.

3. Employees of any franchised or corporate AlphaGraphics® Business Center or location who are becoming first-time franchisees will pay an Initial Franchise Fee equal to the Initial Franchise Fee discounted by 70%.
4. If you are an existing AlphaGraphics® franchisee who meets our qualifications and you choose to purchase another Franchised Business Center under the Acquire and Convert Pathway, your purchase of the Opening/Reopening Performance Package (and payment of the Opening/Reopening Performance Package fee) is optional; however, if you do not purchase the Opening/Reopening Performance Package under these circumstances, we will not provide you with the Sales and Marketing Incentive Package described in Item 11.
5. We have instituted an incentive program that offers a payment plan for the Initial Franchise Fee. If you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~half is payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee is payable ~~in 9 equal installments beginning on the first day of the calendar month following the effective date of the Franchise Agreement~~prior to attending Initial Owner Training.

#### Conversion Pathway

If you are converting your existing graphics related business to a Franchised Business Center, you will pay us the following fees before you begin operating your Franchised Business Center:

Type of Fee	Amount of Fee <sup>1</sup>	When Due	Notes
Initial Franchise Fee	\$25,000 <sup>2</sup>	When you sign the Franchise Agreement	Also covers the exterior signage for Center and initial training program that you or your Managing Owner must attend, plus training of one designated management-level employee and includes our initial on-boarding support services. Does not include any travel and related living costs during attendance.
Opening/Reopening Performance Package <sup>3</sup>	\$7,500	Due when you sign the Franchise Agreement	Includes items as determined by us to enhance the reopening of the converted business as an AlphaGraphics® Business Center using our System, such as an opening campaign or transition marketing support, or grand opening event expenses. You must use the package within 1 year of signing the Franchise Agreement or it will expire, and you will not receive a refund of the payment.
<b>Total Initial Fees</b>	<b>\$32,500</b>		

#### Explanatory Notes:

1. All fees are non-refundable. Except as outlined below, these fees are uniformly imposed.
2. We participate in the IFA's VetFran program. Under this program, if you or your spouse is an honorably discharged United States veteran, you will receive a \$10,000 discount off the Initial Franchise Fee. We also participate in the IFA's ~~DiversityFran~~Diversity Discount Initiative. Under this program, if you are a member of an ethnic minority group or if your franchisee entity is 100% owned by members of an ethnic minority group (i.e., every individual with an ownership



interest in the franchisee entity is a member of an ethnic minority group), you will receive a \$5,000 discount off the Initial Franchise Fee. If you are a woman or if your franchisee entity is 100% owned by women (i.e., every individual with an ownership interest in the franchisee entity is a woman), you will receive a \$5,000 discount off the Initial Franchise Fee. If you wish to receive any of these discounts, you must submit a written request for the applicable discount at the same time you submit other information needed to prepare your Franchise Agreement. These one-time incentives are offered only to new franchisees in connection with their first-time purchase of a new franchise and are not available to existing franchisees.

We have instituted an incentive program that offers a payment plan for the Initial Franchise Fee. If you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~half is payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee is payable in ~~9~~six (6) equal installments beginning on the first day of the calendar month following the effective date of the Franchise Agreement.

3. We have instituted a ~~2023~~2024 Incentive Program. If you are (i) a Conversion Business Center franchisee, (ii) your existing business had over \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, then the price of the Opening/Reopening Performance Package will be reduced to \$5,000.

#### Development Fee under Area Development Agreement

Existing franchisees who meet our criteria for multi-unit expansion may choose to sign an Area Development Agreement. When you sign the Area Development Agreement, you will pay us a Development Fee, calculated as set forth below based the number of additional Franchise Business Centers (one or two) you desire to develop. If you sign an Area Development Agreement, you will be required to execute our then-current form of Franchise Agreement for each Franchised Business Center developed under the Area Development Agreement. In addition to the Development Fee, you must pay the initial fees owed under the Franchise Agreement applicable to the relevant pathway (New Business Center Pathway or Acquire and Convert Pathway) for each Franchised Business Center developed under the Area Development Agreement.

Type of Fee	Amount of Fee <sup>1</sup>	When Due	Notes
Development Fee	<del>\$12,000</del> 12,500 per territory <sup>2, 3, 4</sup>	Due when you sign the Area Development Agreement	<del>\$12,000</del> 12,500 per territory described in the Area Development Agreement, with a maximum of two territories. We will issue a credit to satisfy <del>\$12,000</del> 12,500 of your Initial Franchise Fee due under each related Franchise Agreement, upon signing of that Franchise Agreement.

#### Explanatory Notes:

1. All fees are non-refundable. Except as outlined below, these fees are uniformly imposed.
2. If you proceed to sign the Franchise Agreement for the first Franchised Business Center listed in your Area Development Agreement, we will credit ~~\$12,000~~12,500 toward your Initial Franchise Fee due under the Franchise Agreement at the time it is signed. If your Area Development Agreement lists two territories, and you then proceed to sign the Franchise Agreement for the second territory, we will credit ~~\$12,000~~12,500 toward your Initial Franchise Fee due under the Franchise Agreement at the time it is signed. In all cases, you will sign the then-current form of franchise agreement that we offer, and you will owe the balance of the Initial Franchise Fee as

required in that agreement, usually at the time of signing.

3. The development fee is calculated in the same manner for all franchisees entering into Area Development Agreements under this offering. The development fee is non-refundable when paid.
4. If you are an existing AlphaGraphics® franchisee who desires to purchase another Franchised Business Center, you must satisfy our then-current CFE requirements and qualifications prior to us granting approval to sign an Area Development Agreement. Our CFE requirements includes but are not limited to business experience, net worth, and liquidity requirements, the existing Franchised Business Center's performance meeting or exceeding metrics targets, compliance with your existing franchise agreement, System Standards, and a satisfactory, detailed multi-unit business plan. In addition, each of your Franchised Business Centers must be operated by a Managing Owner or Certified Manager who has completed training which is equivalent to our then-current initial training program.

## ITEM 6 OTHER FEES

Type of fee <sup>1</sup>	Amount <sup>2</sup>	Due Date <sup>3</sup>	Remarks
Royalties (Ongoing)	Royalties range from 7% <sup>4</sup> down to 3% <sup>4, 5</sup> of Gross Sales <sup>6</sup> , subject to a yearly minimum <sup>7, 17</sup> .	The 15th day of each calendar month	Royalty rates decline as annual sales volume increases. <sup>4</sup> As an incentive, Royalty rates may be reduced for a two-year time period if you acquire a Franchised Business Center through a Conversion or an Acquire and Convert Pathway <sup>5</sup> . Royalties may be reduced if you own additional Franchised Business Centers and each is in full compliance with the royalty reduction requirements. <sup>4</sup>
<del>Alpha Graphics® Integrated Marketing Fee</del> (AIM Brand Fund Fees <sup>12</sup> ) (Ongoing)	2½% of Franchised Business Center's Gross Sales. <sup>6</sup> Currently we cap <del>AIM Brand Fund</del> Fees at \$ <del>19,453</del> <u>22,060</u> /year for your first Franchised Business Center and \$ <del>9,667</del> <u>10,962</u> /year for each additional Franchised Business Center, subject to a yearly minimum. <sup>5, 7</sup>	The 15th day of each calendar month once you begin operating.	<del>AIM Brand Fund</del> Fees are intended to maximize recognition of the trademarks and patronage of AlphaGraphics® Business Centers, to develop and produce advertising, sales, marketing, lead generation and business development programs and to provide marketing support to Franchised Business Centers. We also have the option under the Franchise Agreement to establish regional cooperative advertising programs. The Phoenix Region has established a regional cooperative advertising program, which you are required to contribute to if you open a Franchised Business Center in that region. We currently cap <del>AIM Brand Fund</del> Fees as described, but such caps are subject to adjustment. If your Franchised Business Center is subject to a Support Program as described in Item 5, your <del>AIM Brand Fund</del> Fees are waived for the first 12 months after your Franchise Agreement is signed. See Item 11.
Managed Services Program fee for our Managed Services Program (Ongoing)	Mandatory: <del>\$1,343.50</del> <u>\$1,493.51</u> – <del>1,973.17</del> <u>\$2,010.82</u> per month currently <sup>8</sup>  Optional: \$0 - <del>\$81.50</del> <u>\$896.17</u> per month currently <sup>8</sup>	The 1st day of each calendar month (beginning the first month after signing the Franchise Agreement)	The Managed Services Program fee is a monthly fee paid to us for our Managed Services Program. Our Managed Services Program offers our franchisees preferred pricing for various services from a number of outside third-party vendors based on business we provide to them through our System. Under the Program, you pay for mandatory and optional services. We aggregate the amounts due to the third-party vendors for various services. You pay us a monthly fee based on the aggregate services that you receive. This fee may be adjusted periodically based on increases in service costs and/or if we offer updated, additional, different mandatory or optional services. If your Franchised Business Center is subject to a Support Program as described in Item



Type of fee <sup>1</sup>	Amount <sup>2</sup>	Due Date <sup>3</sup>	Remarks
			5, your Managed Services Program Fees are waived for the first 12 months after your Franchise Agreement is signed. Please see Note 8 below regarding the calculation of the fee.
PrintSmith <sup>®</sup> Vision Fee (One-Time)	\$15,000 <sup>9</sup> (See remarks)	One week before you attend initial training if you are under a New Business Center Pathway or upon opening or conversion to our current designated MIS System in all other cases.	See Note 9.
Print Speak CRM System Fee (One-Time)	\$250 - \$750 <sup>10</sup> (See remarks)	One week before you attend initial training if you are under a New Business Center Pathway or upon opening or conversion to our current designated CRM System in all other cases.	See Note 10.
agOnline Premium System Fee (One-Time)	\$1,500 <sup>11</sup> (See remarks)	Upon opening of the Franchised Business Center for a New Business Center Pathway or upon conversion to our current designated agOnline System at a later time if permitted.	See Note 11.
Accounting Software	<del>\$480</del> <u>\$720</u>	Upon opening Franchised Business Center and annually thereafter	This is for QuickBooks Online Essentials.
Network Conference Registration Fee (Ongoing)	Then-current fee (currently <del>\$799</del> <u>\$725</u> per person)	As a default, one (1) conference registration fee will be paid monthly over a twelve-month period (Jan. – Dec.). The option to pay the conference fee in its entirety will be available for a two-week period of time in early January.	One representative from each Franchised Business Center is required to attend each network conference for the entire duration of the conference. To attend a network conference, you will also incur other costs, including food, lodging, transportation, and other expenses. See Note 12.
Additional or Refresher Training	\$800-\$1,500 per day	Payment is due when services are provided	We train you or your Managing Owner for the Initial Franchise Fee (see Item 5). We may charge you for additional or special training or assistance and for other training programs we periodically provide (see Item 11). If you request additional or refresher training, you must reimburse us for the travel, lodging, and living expenses of our personnel or designees. Although we do not currently do so, we may also charge you a fee for meetings related to a new service, new operational procedures or programs, business management sales and promotions including System-wide teleconferences or web conferences.
Transfer Fee (if applicable)	<del>\$48,950</del> <sup>+2</sup> <u>\$49,750</u> <sup>13</sup> (See remarks)	At earlier of when we grant our conditional consent to the transfer or when the transferee signs our then-current form of Franchise Agreement	If you elect to transfer your Franchised Business Center, your transferee will be required to pay a Transfer Fee. See Note 13.
Renewal Fee	30% of then-current	Upon Renewal	We may offer discounts on this fee or other incentives as we

Type of fee <sup>1</sup>	Amount <sup>2</sup>	Due Date <sup>3</sup>	Remarks
	Initial Franchise Fee for New Centers		deem appropriate from time to time in exchange for early renewals.
Interest (if applicable); Late Fee (if applicable)	Interest at the lesser of 1.5% per month or highest contract rate of interest applicable law permits; late fee of \$25 or maximum legal rate for each delinquent payment	When billed	Interest is due on all overdue amounts. We may also charge a late fee for each delinquent payment.
Audit & Legal Fees (if applicable)	\$3,000-\$5,000	15 days after billing	Includes our costs of making an on-site inspection. Due only if you fail to furnish reports, supporting records or other required information or understate the Franchised Business Center's Gross Sales by more than 1%. <sup>12</sup> . We will seek reimbursement for accounting and legal fees to enforce the Franchise Agreement if you fail to comply with your obligations; this protects our system by not diverting money from support services. See Note 14.
Liquidated Damages (if applicable)	Based on a formula. (See Remarks).	On or before the termination date of your Franchise Agreement	Applicable if you terminate the agreement other than because of our uncured breach, if you close your Franchised Business Center, or if we terminate the agreement for cause.  An amount equal to the greater of (a) 3 years of Royalties calculated as follows: the average monthly Royalties of the immediately preceding 24 months of Royalties that were due from you, multiplied by 36, or if you have operated for less than 24 months, the average monthly Royalties of all of the immediately preceding months in which you have operated, multiplied by 36; or (b) 3 years of Minimum Royalties calculated as follows: the aggregate amount that you would have been required to pay in Minimum Royalties for the 36 months following such termination if the Franchise Agreement had not been terminated.
Insurance (if applicable)	Cost of Insurance	Payable before opening	If you fail to obtain and maintain required insurance, we may immediately obtain insurance and you must promptly reimburse us for insurance, including late charges. See Note 15.
Indemnification Expenses	All costs associated with your obligation to indemnify	On demand if applicable	You are required to indemnify us against and reimburse us for certain claims, obligations and damages arising out of, from, or related to your operation of your Franchised Business, or your breach of the Franchise Agreement.
Non-Compliance Fee	2.5% of Gross Sales	On demand, following your failure to cure a default	See Note 16.

### **Explanatory Notes:**

1. Except for the product and service purchases described in Item 8 and as otherwise indicated, all fees are imposed and collected by and payable to us. All fees are non-refundable. All fees are uniformly imposed unless otherwise noted. Sales tax is not included in these fees but may be payable.
2. We may periodically increase all of the specific dollar amounts referenced above or in the Franchise Agreement or in the Area Development Agreement, including the threshold amounts for reductions in Royalties, Minimum Royalties, and the current maximum cap on [AIMBrand Fund](#) Fees, but no more than once during a fiscal year, to reflect increases in the Metropolitan

Area Consumer Price Index ("CPI") for Urban Consumers -- All Items (1982 - 1984 = 100) as published by the U.S. Department of Labor or in a successor index. Except in the case of ~~AIM Brand Fund~~ Fees (which may also increase as described in Item 11), we will base any increase solely on any increase in the CPI for the prior fiscal year. This percentage increase will be uniform for all franchisees. All references to dollars in this Disclosure Document and its attachments mean U.S. dollars.

3. You must participate in the electronic funds transfer program under which we automatically deduct the amounts you owe us from the account you designate. We will deduct these amounts on the day indicated. Our "Authorization for Electronic Funds Transfer" is Exhibit G.
4. Royalties. You must pay us non-refundable royalties ("Royalties") based on your Gross Sales. Royalties are a minimum of 3% of Gross Sales and a maximum of 7% of Gross Sales, depending on the sales levels you achieve. Royalties are due and payable on the fifteenth (15th) day of each month based on the Gross Sales of your Franchised Business Center for the previous month. If your Royalties do not exceed the Minimum Royalties, however, you will pay us the Minimum Royalties annually.

If you acquire your franchise as a transfer from an existing franchisee, sales generated prior to the time you sign this Agreement and begin operating as owner of the Business Center are not included in your Gross Sales for any purpose, including for determining your Royalty Threshold or ~~AIM Brand Fund~~ Fee. For example, if you sign this Agreement and begin operating your Business Center on March 1, your Gross Sales as of the start of business on March 1 are \$0, and your Royalties for March sales will be calculated beginning at 7%. This is true even if the franchisee who transferred the Business Center to you had achieved the 5% or 3% Royalty Thresholds (or any other reduced Royalty Threshold) under the transferring franchisee's own franchise agreement as of the time of the transfer to you.

Royalties for a Single Business Center. If you operate a single Franchised Business Center, your Royalties will be calculated as follows:

- (a) 7% of Gross Sales, until the reductions in Royalties in subparagraph (b) and/or (c) of this Section applies. The reductions apply only if you are in compliance with the Franchise Agreement.
- (b) 5% of Gross Sales, after your Franchised Business Center's Gross Sales amount reaches ~~\$1,255,529~~1,298,217\* during the Royalty Year and you have timely paid us ~~\$87,877.03~~90,875.19\* in Royalties. The reduction will apply until the end of the Royalty Year, unless further reduced by subparagraph (c) of this Section below.
- (c) 3% of Gross Sales after your Franchised Business Center's Gross Sales amount reaches ~~\$2,511,377~~2,596,764\* during the Royalty Year and you have timely paid us ~~\$150,679.43~~155,802.54\* in Royalties. The reduction will apply until the end of the Royalty Year.

Royalties for Commonly Owned Business Centers. You are deemed to have "Commonly Owned Business Centers" if you or an Owner of a Controlling Interest in you also owns or is an owner of a Controlling Interest in one or more additional AlphaGraphics® Business Centers and such AlphaGraphics® Business Centers are operating under franchise agreements with us that are substantially the same as the Franchise Agreement. A Facility does not constitute an additional Commonly Owned Business Center. If you operate Commonly Owned Business Centers, your Royalties will be calculated as follows:

- (a) 7% of Gross Sales, until the reductions in Royalties in subparagraphs (b) and/or (c) of this Section applies. The reductions apply only if you are in compliance with the Franchise Agreement and if you report your Gross Sales to us for each Franchised Business Center both separately and on a consolidated basis in a manner we require.
- (b) 5% of Gross Sales after timely payment of Royalties during any Royalty Year of the sum of ~~\$87,877.03~~90,875.19\* plus ~~\$10,287.90~~10,637.39\* for each additional Commonly Owned Business Center. The reduction will apply until the end of the Royalty Year unless further reduced by subparagraph (c) of this Section below.
- (c) 3% of Gross Sales after timely payment of Royalties during any Royalty Year the sum of ~~\$150,679.43~~155,802.54\*, plus ~~\$10,287.90~~10,637\* for each additional Commonly Owned Business Center. The reduction will apply until the end of the Royalty Year.

\* The threshold dollar amounts for reductions in Royalties (the “Royalty Thresholds”) will apply during our ~~2023~~2024 fiscal year and are subject to change at our option on January 1 of each year based on the increase in CPI as described in Note 2 above. If you sign your Franchise Agreement in ~~2023~~2024, the Royalty Thresholds will change as of January 1, ~~2024~~2025 based on the increase in CPI for ~~2023~~2024. If you sign your Franchise Agreement on or after January 1, ~~2024~~2025, the Royalty Thresholds applicable until the end of the ~~2024~~2025 fiscal year will reflect the increase in CPI for ~~2023~~2024.

“Royalty Year” means a year beginning on the first day of our fiscal year and ending on the last day of our fiscal year or such other one-year time period as we may periodically designate. If you acquire your Franchise as a transfer, your Royalty Year for the purpose of determining your Minimum Royalties, only, will be based upon the Royalty Year of the transferring franchisee. If your Franchise is a Renewal, your Minimum Royalties for each of your Royalty Years during the renewal term will be the amount for Royalty Years 5-10. Our fiscal year is January 1 to December 31.

5. If you acquire a Franchised Business Center through either the Conversion Pathway or Acquire and Convert Pathway, and the existing business had over \$700,000 in annual gross sales during the last calendar year preceding the signing of the Franchise Agreement, and if you are in full compliance with your Franchise Agreement and all other related agreements, you will pay us a reduced Royalty for the first 2 years from the opening date of the Franchised Business Center as follows:

Year 1: Royalties are equal to 2% of Gross Sales

Year 2: Royalties are equal to 4% of Gross Sales

Year 3 and Beyond: Standard Royalty Rates.

6. “Gross Sales” means the aggregate amount of all sales of products and services, whether for cash, by check, credit card or trade or otherwise, made or provided at or in connection with the Franchised Business Center or Franchised Business by you, including any sales made at a Facility or pursuant to a Facilities Management Agreement (whether or not the Marks are used in the operation of the Facility). “Gross Sales” further includes monies derived at or away from the Franchised Business Center including the sale of products or services in connection with the placement or servicing by you of self-service digital operating equipment. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, excise, service, or value added taxes that you pay or accrue; and (2) discounts allowed to customers on sales.

7. Minimum Royalties and Minimum ~~AIM~~Brand Fund Fee.

Regardless of your sales level, during each Royalty Year, you must pay us Royalties equal to at least the minimum royalties during the term of the Franchise Agreement (the “Minimum Royalties”). These Minimum Royalties are not intended to be a representation regarding your financial performance and they do not suggest that your business will reach any level of revenue or break-even point. The Minimum Royalties are as follows:

Royalty Year	Minimum Royalties Payment
Effective Date until beginning of Royalty Year 1	\$0
Royalty Year 1	<del>\$16,000</del> \$19,600
Royalty Year 2	<del>\$24,000</del> \$28,000
Royalty Year 3	<del>\$32,000</del> \$38,500
Royalty Year 4	<del>\$40,000</del> \$49,000
Royalty Years 5-10	<del>\$48,000</del> \$59,500

The Minimum Royalties are based upon a standard Protected Area. The Minimum Royalties are calculated based upon Royalty Year periods. If in any year you have not paid Royalties to us in an amount that is equal to or in excess of the amount of the Minimum Royalties for such year, then you shall pay to us an amount equal to the difference between the Minimum Royalties for such year and the amount of Royalties paid during such year (the “Catch-Up Payment”). You will pay us the Catch-Up Payment within 30 days of the end of the applicable Royalty Year. If you have made 3 Catch-Up Payments during the term, thereafter we may at our option allow you to make a Catch-Up Payment or terminate your Agreement without the ability to correct the default.

If you are acquiring a Franchised Business Center as a transfer from an existing franchisee, your Royalty Years for the purpose of calculating Minimum Royalties, only, will typically be under the 5-10 year category, but the sales level of the existing Franchised Business Center being transferred will also be a consideration for using a different Royalty Year as a starting point. Please review Note 4, above, regarding the calculation of Gross Sales for the purpose of determining Royalty Thresholds and ~~AIM~~Brand Fund Fees. If you are acquiring your Franchised Business Center under a Conversion or Acquire and Convert Pathway and meet certain requirements, Minimum Royalties will not apply until the first full Royalty Year after the (2) year anniversary of the opening date of the Franchised Business Center, at which time you will pay Minimum Royalties according to Royalty Year 3, with increases thereafter. The royalties described in Item 19 in the labeled “Certain Information For Business Centers For Calendar Year ~~2022~~2023” include Royalties but do not include any Minimum Royalties paid by any franchisee.

In addition, regardless of your sales level, during each Royalty Year, you must pay us ~~AIM~~Brand Fund Fees equal to at least the minimum amounts set forth below (the “Minimum ~~AIM~~Brand Fund Fee”):

Royalty Year	Minimum <del>AIM</del> Brand Fund Fee
Effective Date until beginning of Royalty Year 1	\$0
Royalty Year 1	<del>\$5,714.29</del> \$7,000
Royalty Year 2	<del>\$8,571.43</del> \$10,000
Royalty Year 3	<del>\$11,428.57</del> \$13,750
Royalty Year 4	<del>\$14,285.71</del> \$17,500
Royalty Years 5-10	<del>\$17,142.86</del> \$21,250

The Minimum ~~AIM~~Brand Fund Fee is calculated based upon Royalty Year periods. If in any year you have not paid ~~AIM~~Brand Fund Fees to us in an amount that is equal to or in excess of

the amount of the Minimum ~~AIMBrand Fund~~ Fee for such year, then you must pay to us an amount equal to the difference between the Minimum ~~AIMBrand Fund~~ Fee for such year and the amount of ~~AIMBrand Fund~~ Fees paid during such year (the “~~AIMBrand Fund~~ Fee Catch-Up Payment”). You will pay us the ~~AIMBrand Fund~~ Fee Catch-Up Payment within 30 days of the end of the applicable Royalty Year.

We have instituted an incentive program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, the following fees will be reduced as follows for the first year following the Effective Date of the Franchise Agreement: (i) Royalties will be fixed at 3% of Gross Sales; (ii) the Brand Fund Fee will be fixed at 1% of Gross Sales.

8. The Managed Services Program fee covers certain mandatory programs that are part of our Managed Services Program. The fee ~~currently covers~~ the costs of these mandatory programs, which currently are: *Print Speak Platform (CRM)* (\$3,000 - \$9,000 annual fee, based on sales volume); *PrintSmith® Vision (MIS) Support* (~~\$3,744~~3,872 annual fee; see Note 11); *G Suite by Google* (\$1,044 annual fee); *Message on Hold* (\$229 annual fee); *Financial Management Software* (~~\$300~~310 annual fee for single franchise; ~~\$408~~422 annual fee for multiple franchises); *agOnline Premium* (~~\$4,932~~5,100 annual fee); *agOnline to MIS Integration* (\$1,800 annual fee); *Industry Subscriptions* (~~\$113~~144 annual fee); *PCI DSS Compliance* (\$144 to \$240 annual fee); *Franchisee Website Systems* (\$1,080 annual fee). (See Item 8.)

The Managed Services Program fee also covers certain optional services that are part of our Managed Services Program. As a franchisee in our System, you may take advantage of preferred pricing for various services from a number of outside third-party vendors based on business we provide to them. You pay for the optional services you choose. We aggregate the amounts due to the third-party vendors for various services. You pay us a monthly fee based on the aggregate services that you receive. The higher range of the optional Managed Services Program fee assumes that you have elected all of the optional services offered as part of the Managed Service Program, including payment for the additional MIS integration for agOnline Professional, and the optional managed firewall service from Security Metrics described below, as well as one additional G Suite by Google license for \$105 per year. (See Item 8.) The top-end Managed Services Program fee may be higher if you choose to purchase additional agOnline Professional services or if you purchase additional Google Apps for Work accounts. These programs are currently optional; however, we may make one or more of the optional programs mandatory as part of the System Standards at any time. Current examples of optional services include: ~~the~~ agOnline to MIS Integration modules (~~\$1,800~~4,653 annual fee); managed firewall service from Security Metrics (\$1,140 annual fee); certain additional PCI DSS services (additional \$96 annual fee); optional ShipLeap shipping software (\$948 or \$1,188 per year depending on the selected subscription); optional CareerPlug applicant tracking system software (annual fee of \$390~~-per year~~); optional PrintSmith Vision modules (annual fee of \$2,958); Color Management System to participate in National Programs (e-commerce) (annual fee of \$300); FTP Server for file hosting (annual fee of \$60). (See Item 8).

If you have more than one Franchised Business Center, you may take advantage of our shared services program with lower Managed Services Program fees for some services, such as for agOnline.

We may make changes to the mandatory and/or optional services encompassed in the Managed Services Programs fee at any time. We reserve our right to require additional or substitute mandatory services, to change required vendors for certain mandatory services, and/or to remove certain services from the list of mandatory services (or make such services optional)



encompassed in the Managed Service Program fee. Such changes, which could occur at any time, may result in changes to the amount of your Managed Service Program fee. In addition, the amounts charged for both mandatory and optional services may change from time to time at any time. We aggregate the yearly fees charged for the mandatory programs and the optional services you choose. We then divide that amount by 12 to determine your monthly Managed Services Program fee. The precise amount of your monthly Managed Services Program fee may change at any time if there are changes to the programs and services included in the Managed Services Program or amounts charged by third-party vendors for such programs and services. The programs and services included in the Managed Services Program will change over time based on our requirements and your feedback.

Managed Services Program fees are payable starting on the first of the month following the signing of the Franchise Agreement. For all pathways other than transfers, the fee is calculated based on the granting of access to each of the mandatory and selected optional services; the full fee for all required and selected optional services will be due and payable no later than the first of the month following the opening of the Center. For transfers, the fee is calculated by adding the fees for all mandatory and selected optional services.

We have instituted an incentive program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, ~~no certain~~ Managed Service Program fees will be ~~due for~~ prepaid as follows: (i) the monthly PrintSmith Vision fee shall be a prepaid fee in the amount of \$5,500, which fee covers the first six~~24~~ months after you sign the Franchise Agreement and such fees will be payable beginning in the seventh month following the signing of the Franchise Agreement (valued at \$7,200); (ii) the monthly agOnline fee shall be a prepaid fee in the amount of \$7,200, which fee covers the first 24 months (valued at \$9,864); (iii) the monthly CRM fee shall be a prepaid fee in the amount of \$4,500, which fee covers the first 24 months (variable value between \$6,000-\$18,000).

9. The MIS System Fee is paid to us either (i) one week before you attend initial training if you are under a New Business Center Pathway, or (ii) the earlier of the time you open your Franchised Business Center or convert to our current designated MIS System in all other cases. Currently, you must enter into the PrintSmith® Vision License and Support Agreement (Schedule C to the Franchise Agreement) for the license and ongoing support of the MIS System Fee.

If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your MIS System Fee may be different as follows: (i) if the business currently licenses and uses PrintSmith® Vision SaaS, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not PrintSmith® Vision SaaS), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to PrintSmith® Vision SaaS and pay the initial license fee of \$15,000 and (iii) if the business currently licenses any PrintSmith® software program other than the PrintSmith® Vision SaaS software that we utilize, you may take advantage of any discounts that PrintSmith® is offering to pay a reduced fee to upgrade instead of the initial license fee of \$15,000.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your MIS System Fee may be different as follows: if the business currently licenses and uses PrintSmith® Vision SaaS, you will not pay an initial license fee.

If your Franchised Business Center is subject to a Support Program as described in Item 5, your MIS System Fee is waived.

We have instituted a ~~2023~~2024 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial MIS System Fee. We will reduce the MIS System Fee (~~PrintSmith® Vision~~PrintSmithVision Fee) to \$7,500 if you are (i) an Acquire and Convert franchisee, (ii) the existing business that you are converting had over \$1,000,000.00 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, and (iii) you close on the purchase of the existing business you are converting within six (6) months of the Effective Date of the Franchise Agreement. We also will reduce the MIS System Fee (PrintSmith® Vision Fee) to \$7,500 if you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023.

10. The Print Speak CRM System Fee is the initial license fee associated with the Print Speak CRM Platform. It is paid to us either (i) one week before you attend initial training if you are under a New Business Center Pathway, or (ii) the earlier of the time you open your Franchised Business Center or, as described below, upon your conversion to the Print Speak CRM. The Print Speak CRM System Fee is \$250 - \$750 which initial fee will be determined based on the Print Speak CRM Level you select as described more in Item 8 below: \$250 for Level 1, \$375 for Level 2, \$500 for Level 3, or \$750 for Level 4. If you are acquiring a Franchised Business Center through the New Business Center Pathway, your Print Speak CRM System fee is \$250.

Ongoing license fees associated with Print Speak are included in the Managed Services Program fee described in Note 8 above.

If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your CRM System Fee may be different as follows: (i) if the business currently licenses and uses Print Speak, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not Print Speak), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to Print Speak and pay the initial license fee described above.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your CRM System Fee may be different as follows: if the business currently licenses and uses Print Speak, you will not pay an initial license fee.

We have instituted a 2024 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial Print Speak CRM System Fee.

11. The agOnline System Fee is paid to us at the time you open your Franchised Business Center and is non-refundable. If you are acquiring a Franchised Business Center through the Conversion or an Acquire and Convert Pathway, your agOnline System Fee may be different as follows: (i) if the business currently licenses and uses XMPie® agOnline, you will not pay an initial license fee, (ii) if the business currently licenses and uses another software program (not XMPie® agOnline) you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to XMPie® agOnline and pay the initial license fee of \$1,500.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your agOnline System Fee may be different as follows: (i) if the business currently licenses and uses XMPie® agOnline, you will not pay an initial license fee, (ii) if the business currently



licenses any other software program (not XMPic<sup>®</sup> agOnline) you may continue to use this software temporarily for up to 6 months from the purchase date, at which time you must switch to XMPic<sup>®</sup> agOnline and pay an initial license fee of \$1,500.

We have instituted a 2024 Incentive Program. If you are a New Business Center franchisee and you sign your Franchise Agreement within 30 days of the post-discovery day notice of approval, we will waive the initial agOnline System Fee.

12. Our network conference is generally held once a year in varying locations in the United States and typically lasts 4 days. Our network conference offers classes taught by subject-matter experts, demonstrations and visual displays, which introduce franchisees to the newest technologies emerging in the industry and teach marketing and strategic skills to help build our franchisees' businesses. It also provides robust peer-to-peer (formal and informal) learning opportunities. Our network conference registration fee is currently \$725 per person. As a default, each center will pay one (1) conference registration fee monthly over a twelve-month period (Jan. – Dec.); that is \$60.42 per month. The option to pay the conference fee in its entirety (a "Pay Now" option) will be available for a two-week period when registration opens (typically March 1). By attending the network conference, you will also incur other costs, including food, lodging, transportation and other expenses. There will be no credit of conference payments due to non-attendance. If you are unable to attend due to unforeseen circumstances, it is deemed reasonable to send a substitute from your team in your place. In the case in which the Center is in the process of being sold, the selling owner and buyer will negotiate the conference payments within the context of the purchase agreement. This does not waive the attendance requirement. Portions of our network conference may be held jointly with other brands of our affiliates. We reserve the right to conduct all or part of our network conference via teleconference, video conference, or through other remote/virtual means.
13. Transfer. The Transfer Fee, which is payable by the transferee in lieu of an Initial Franchisee Fee, is ~~\$48,950~~\$49,750. Under certain circumstances, we will reduce the Transfer Fee. If the transferee is an existing AlphaGraphics franchisee or the owner of a controlling interest in a Franchised Business Center, the Transfer Fee will be \$24,475. If the transferee is a first or second degree relative of you or your owner or if the transferee is an employee of any franchised or corporate AlphaGraphics<sup>®</sup> Business Center, the Transfer Fee will be \$14,400. In certain cases, the Transfer Fee may be waived under our Legacy Program. We reserve the right to change the Legacy Program at any time. There is no Transfer Fee associated with a transfer by you to a legal entity which is controlled by the same individuals who are the existing franchisees. The Transfer Fee is due at the time we grant our conditional consent to the transfer or when the transferee signs our then-current form of Franchise Agreement, whichever is earlier; however, we have instituted an incentive program that offers a payment plan for the Transfer Fee. If you are a transferee and you execute a binding agreement with us in connection with or in anticipate of the transfer, you may pay 50% of the Transfer Fee under execution of such agreement and the remaining balance of the Transfer Fee in ~~ninesix~~ (96) equal installments beginning on the first day of the calendar month following the effective date of the Franchise Agreement. This incentive is not available if the transferee or its affiliate is an existing AlphaGraphics franchisee. The Transfer Fee is not refundable.

Under certain circumstances, we may determine that a Franchised Business Center qualifies for additional financial and operational support upon transfer ("Support Program"). In making that determination, we may take into account: current ownership, operational compliance, sales or lack thereof, financial management of the Franchised Business Center, current client base, and current staffing levels, tenure and training. If that determination is made, the transferee may pay

the Transfer Fee in 12 monthly installments with the first installment due upon signing of the Franchise Agreement.

14. Audit fees are determined by the condition of your records, the volume of records and transactions, the scope of work necessary, travel time and costs, length of time necessary to conduct the audit, and other unpredictable elements.
15. If you fail to maintain in effect any insurance coverage required by us, or to furnish satisfactory evidence thereof, we may obtain insurance coverage for you and you will pay to us any costs and premiums incurred by us.
16. If you are in default of your Franchise Agreement and you fail to timely cure the default, we may, at our option, charge a non-compliance fee in the amount of 2% of Gross Sales payable to us in the same manner as the Royalties and a non-compliance fee in the amount of 0.5% of Gross Sales payable to us in the same manner as the ~~AIM~~Brand Fund Fee. The Non-Compliance Fee will continue until the default is cured.
17. We have instituted a ~~2023~~2024 Incentive Program. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had under \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, then, so long as you are in full compliance with your Franchise Agreement and all other related agreements, your obligation to pay Royalties will be waived for the first three (3) months following the opening date of the Business Center. Following the three (3) month anniversary of the opening date of the Franchised Business Center, you will pay Royalties as described in Notes 5, 7, and 8 above. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, then, so long as you are in full compliance with your Franchise Agreement and all other related agreements, your obligation to pay Royalties will be waived for the first six (6) months following the opening date of the Business Center. Following the six (6) month anniversary of the opening date of the Business Center, you will pay Royalties as described in Notes 5 through 8 above.

## ITEM 7 ESTIMATED INITIAL INVESTMENT

**TABLE ~~7-1~~. YOUR ESTIMATED INITIAL INVESTMENT –  
NEW BUSINESS CENTER PATHWAY**

Type of Expenditure	Amount <sup>1</sup>	Method of payment	When Due	To Whom Payments Is to be Made
Initial Franchise Fee <sup>2</sup>	<del>\$48,950</del> <u>\$49,750</u>	Lump Sum	Due when you sign the Franchise Agreement	Us
Opening/Reopening Performance Package <sup>2</sup>	\$10,000	Lump Sum	Due when you sign the Franchise Agreement	Us
Center Development Package <sup>3</sup>	<del>\$146,565</del> <u>\$152,089</u>	Lump Sum	Due when you sign the lease for your Franchised Business Center premises or 90 days prior to the projected opening date of your Franchised Business Center, whichever is later.	Us
MIS System (PrintSmith®)	\$15,000	As Arranged	Due one week prior to	Us or Vendor

Type of Expenditure	Amount <sup>1</sup>	Method of payment	When Due	To Whom Payments Is to be Made
Vision <sup>4</sup>			attending training	
CRM System (Print Speak <sup>®</sup> ) <sup>4</sup>	\$250	As Arranged	Due one week prior to attending training	Us
agOnline System <sup>4</sup>	\$1,500	As Arranged	Due when you open your Franchised Business Center	Us
Real Estate & Leasehold Improvements and Construction <sup>5</sup>	\$10,000 – \$40,000	As Arranged	As Incurred	Landlord/ Contractor/ Vendors
Digital Printing Equipment <sup>6</sup>	\$0 – \$3,600	As Arranged	As Incurred	Vendors/ Contractors
Finance Costs <sup>7</sup>	\$0 – \$17,000	As Arranged	As Incurred	Vendors
Miscellaneous Opening Costs <sup>8</sup>	\$600 – \$6,800	As Arranged	As Incurred	Vendors/Professionals/ Governmental Authorities
Travel and Expense for Training	<del>\$2,450 – \$4,900</del> <u>\$2,100 – \$4,200</u>	As Arranged	As Incurred	Vendors
Additional Funds – 12 months <sup>9</sup>	\$50,000 – \$74,000	As Arranged	As Incurred	Vendors/ Employees
<b>TOTAL<sup>10</sup></b>	<del>\$285,315 – \$368,565<sup>10</sup></del> <u>\$291,289 – \$374,189<sup>10</sup></u>			

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

#### **Explanatory Notes:**

1. Unless otherwise stated, these amounts are not refundable, except as you may arrange for real estate security deposits, utility deposits, or other third-party payments. These estimates do not include the cost to purchase the business of one of our existing franchisees under a transfer, which may substantially increase your initial investment. Sales tax is not included in these fees but may be payable.
2. We describe the Initial Franchise Fee and the Opening/Reopening Performance Package in Item 5.
3. If you are a New Business Center Franchisee, you must purchase from us our Center Development Package for \$146,565. The Center Development Package, which we describe in Item 5, includes the initial cost of your computer system and certain other equipment, signage, and supplies listed in Schedule H to the Franchise Agreement. If you are an existing AlphaGraphics franchisee purchasing another AlphaGraphics franchise, we may, at our sole option, allow you to obtain certain equipment, fixtures, or supplies listed in Schedule H of the Franchise Agreement from an alternative source, which items and sources must meet our specifications, for use in your new Franchised Business Center. In such circumstances, you must pay the full Center Development Fee, but we will issue credits to you for the specific equipment, fixtures, or supplies that will not be included in your Center Development Package and that we authorize you to obtain from an alternative source.
4. We describe the MIS System (PrintSmith<sup>®</sup> Vision), CRM System (Print Speak), and agOnline System in Item 6.

5. The typical start-up Franchised Business Center site is approximately ~~1,800~~1,400 to ~~2,500~~1,900 square feet. The disclosed low-high range includes deposits and costs for Franchised Business Centers opened from ~~2020~~2021 through ~~2022~~2023 for the business centers in our recommended size range, but not the purchase of land and building (because we do not require you to purchase your premises). This range includes items related to leasehold improvements such as architectural and permitting fees, deposits and other typical build-out costs. These costs can range significantly depending upon local markets and availability of suitable sites. Monthly rental rates could range between \$1,800 to ~~\$5,000~~3,750 based upon local market availability, size, condition, location of the property and negotiations with the landlord.
6. You must lease or purchase digital printing equipment that meets our specifications. The digital printing equipment consists of one digital color printer with color print controller. We recommend that you lease this equipment. This equipment is leased at a monthly cost of between approximately ~~\$950~~1,135 and ~~\$1,200~~1,300. In many cases, there are no lease payments due prior to opening your Center. The high end of the estimate in Table ~~F7-1~~ is for three months of lease payments at the high end of the estimated monthly cost. You must purchase service contracts for all of the digital printing equipment. In addition, there is a per impression service charge. Should you choose to purchase the digital printing equipment instead of leasing, the cost ranges from approximately ~~\$38,128~~58,840 - ~~\$49,748~~66,220. Some Franchised Business Center franchisees elect to purchase additional digital print equipment later. The costs indicated for digital printing equipment may increase or decrease based on a variety of factors beyond our control. These include, but are not limited to, pricing changes by the vendor, substitution of an alternative piece of equipment by the vendor, availability of the equipment from the vendor and continued operation of the vendor. At times, we may also see fit to change the Operations Manual and/or system Standards (see Item 11), which may change the required digital printing equipment. Such changes may impact the cost of digital printing equipment.
7. You could incur these costs if you finance your initial investment.
8. This item covers miscellaneous opening costs and expenses, including utility deposits, licenses, attorneys' and accountants' fees.
9. Additional funds are provided only as estimates and apply only to your initial 12 months of operations. Additional funds include working capital and other start-up expenses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial 12-month phase of operations. This estimate also includes insurance, supplies and payroll costs, but not any draw or salary for you or your living expenses. If you hire a full-time manager to satisfy the 40 hours per week outside sales requirement, you might need additional funds. We have made certain assumptions based on revenue, operating costs, SBA guaranteed financing costs and payments and costs for building rents in reaching this estimate.
10. To compile these estimates, we relied on our franchisees' experience in operating the same type of business, our experience in franchising the same type of business and our franchisees' performance. Inflation may impact various costs. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

~~11.~~ The total estimated range for a Franchised Business Center includes many variables. If you are opening a Franchised Business Center through a transfer from an existing franchisee, then your costs will likely vary depending on the amount you pay to purchase the Business Center.

**TABLE ~~H7-2~~. YOUR ESTIMATED INITIAL INVESTMENT – ACQUIRE AND CONVERT PATHWAY**

Type of Expenditure	Amount <sup>1</sup>	Method of payment	When Due	To Whom Payments Is to be Made
Initial Franchise Fee <sup>2</sup>	<del>\$48,950</del> <u>\$49,750</u>	Lump Sum	Due when you sign the Franchise Agreement	Us
Opening/Reopening Performance Package <sup>2</sup>	\$7,500	Lump Sum	Due when you sign the Franchise Agreement	Us
MIS System (PrintSmith® Vision) <sup>3</sup>	\$15,000	As Arranged	Due when you open your Franchised Business Center	Us
CRM System (Print Speak®) <sup>3</sup>	\$250 - \$750	As Arranged	Due when you open your Franchised Business Center	Us
agOnline System <sup>3</sup>	\$1,500	As Arranged	Due when you open your Franchised Business Center	Us
Real Estate & Authorized Location Improvements <sup>4</sup>	\$1,500 – \$40,000	As Arranged	As Incurred	Landlord/ Contractor/ Vendors
Equipment, Furniture, Fixtures, Signs, Inventory, Construction, Remodeling and Decorating Costs <sup>5</sup>	<del>\$8,700</del> – \$105,955	As Arranged	As Incurred	Vendors/ Contractors
Finance Costs <sup>6</sup>	\$0 – \$17,000	As Arranged	As Incurred	Vendors
Miscellaneous Opening Costs <sup>7</sup>	\$600 – \$6,800	As Arranged	As Incurred	Vendors/ Professionals/ Governmental Authorities
Travel and Expense for Training	<del>\$2,450 – \$4,900</del> <u>\$2,100 – \$4,200</u>	As Arranged	As Incurred	Vendors
Additional Funds – 12 months <sup>8</sup>	\$0 – \$25,000	As Arranged	As Incurred	Vendors/ Employees
<b>TOTAL<sup>9</sup></b>	<b><del>\$86,450 – \$273,355</del><u>\$78,200 – \$273,455</u></b>			

If you are opening a Franchised Business Center under the Acquire and Convert Pathway, then your costs will likely vary depending on the amount you pay to purchase the existing business and your costs to convert the business to a Franchised Business Center.

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

### **Explanatory Notes:**

1. Unless otherwise stated, these amounts are not refundable, except as you may arrange for real estate security deposits, utility deposits, or other third-party payments. These costs do not include the purchase price for the existing business you are buying. Sales tax is not included in these fees but may be payable.
2. We describe the Initial Franchise Fee and the Opening/Reopening Performance Package in Item 5.
3. We describe the MIS System (PrintSmith Vision), CRM System (Print Speak), and agOnline System in Item 6.
4. This assumes that you will lease the real estate for the business location you are acquiring.
5. The amounts provided assume that you the business you are acquiring currently operates a typical graphics related business and that you will acquire the furniture, fixtures, signs, equipment and inventory of the existing business. Because you are acquiring an existing business, you may have fewer fees, depending upon the business you acquire. The cost of any additional furniture, fixtures, signs, equipment and inventory you will need will vary greatly depending upon the size, type of tangible assets and configuration of the existing business you acquire. At a minimum, you will need to replace signs, add décor and make other branding and equipment changes to comply with our System Standards (see Items 8 and 11). The low end of this range includes signage and a kiosk only; the high end of this range includes new equipment as described in Note 3 of ~~Item 7~~, Table ~~47-1~~, above, including our recommendations regarding leasing the digital printing equipment. Please refer to Note 6 of ~~Item 7~~, Table ~~47-1~~, above. You must fully comply with all the Operations Manual and the System Standards within 6 months of signing the Franchise Agreement. The amount listed is an estimate based on current known equipment specifications and costs. The equipment purchased or in current use must meet our specifications. These figures assume that your existing inventory, furniture, and technology equipment all meet our specifications. There are variables within the décor and signage packages that are determined solely by the size, location and layout of the Franchised Business Center that may impact your aggregate costs.

As part of the Acquire and Convert Pathway, we will review with you asset lists and other information to determine what you need to do to convert the business to an AlphaGraphics® Business Center. In isolated instances the initial investment could be significantly more if the existing business is in a state that requires major work and a complete overhaul to comply with our Operations Manual and System Standards. The costs indicated for the equipment package and the digital printing equipment may increase or decrease based on a variety of factors beyond our control. These include but are not limited to pricing changes by the vendor, substitution of an alternative piece of equipment by the vendor, availability of the equipment by the vendor or continued operation of the vendor. At times, we may also see fit to change the Operations Manual and System Standards, which may change the required package. Such changes may impact the cost of the equipment package.

6. You could incur these amounts if you finance your investment.
7. This item covers miscellaneous opening costs and expenses, including utility deposits, licenses, attorneys' and accountants' fees.
8. Additional funds are provided only as estimates and apply only to your initial 12-months of operations. Additional funds include working capital and other start-up expenses. We believe



that these figures provide an accurate minimum estimate of the additional funds necessary for the initial 12-month phase of operations. This estimate also includes insurance, supplies and payroll costs, but not any draw or salary for you or your living expenses. If you hire a full-time manager to satisfy the 40 hours per week outside sales requirement, you might need additional funds. We have made certain assumptions based on revenue, operating costs, SBA guaranteed financing costs and payments and costs for building rents in reaching this estimate.

Your costs may be lower if you qualify for certain royalty reductions (see Item 6) because the business you acquire and convert meets minimum annual sales thresholds.

9. To compile these estimates, we relied on our franchisees' experience in converting existing graphics related businesses to Franchised Business Centers, our experience in franchising the same type of business and our franchisees' performance. [Inflation may impact various costs.](#) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Except as disclosed in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

**TABLE H7-3. YOUR ESTIMATED INITIAL INVESTMENT - CONVERSION PATHWAY**

Type of Expenditure	Amount <sup>1</sup>	Method of payment	When Due	To Whom Payments Is to be Made
Initial Franchise Fee <sup>2</sup>	\$25,000	Lump Sum	Due when you sign the Franchise Agreement	Us
Opening/Reopening Performance Package <sup>2</sup>	\$7,500	Lump Sum	Due when you sign the Franchise Agreement	Us
MIS System (PrintSmith® Vision) <sup>3</sup>	\$15,000	As Arranged	Due when you open your Franchised Business Center	Us
CRM System (Print Speak®) <sup>3</sup>	\$250 - \$750	As Arranged	Due when you open your Franchised Business Center	Us
agOnline System <sup>3</sup>	\$1,500	As Arranged	Due when you open your Franchised Business Center	Us
Real Estate & Authorized Location Improvements <sup>4</sup>	\$1,500 – \$40,000	As Arranged	As Incurred	Landlord/ Contractor/ Vendors
Equipment, Furniture, Fixtures, Signs, Inventory, Construction, Remodeling and Decorating Costs <sup>5</sup>	<del>\$8,700</del> – \$105,955	As Arranged	As Incurred	Vendors/ Contractors
Finance Costs <sup>6</sup>	\$0 – \$17,000	As Arranged	As Incurred	Vendors
Miscellaneous Opening Costs <sup>7</sup>	\$600 – \$6,800	As Arranged	As Incurred	Vendors/ Professionals/ Governmental Authorities
Travel and Expense for Training	<del>\$2,450 – \$4,900</del> \$2,100 – \$4,200	As Arranged	As Incurred	Vendors

Type of Expenditure	Amount <sup>1</sup>	Method of payment	When Due	To Whom Payments Is to be Made
Additional Funds – 12 months <sup>8</sup>	\$0 – \$25,000	As Arranged	As Incurred	Vendors/ Employees
<b>TOTAL<sup>9</sup></b>	<del>\$62,500 – \$249,405</del> <b>\$53,450 – \$248,705</b>			

The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.

### **Explanatory Notes:**

1. Unless otherwise stated, these amounts are not refundable, except as you may arrange for real estate security deposits, utility deposits, or other third-party payments. Sales tax is not included in these fees but may be payable.
2. We describe the Initial Franchise Fee and the Opening/Reopening Performance Package in Item 5. At your option, your Initial Franchise Fee may also be paid in two installments: \$12,500 when you sign the Franchise Agreement, and \$12,500 up to 90 days thereafter.
3. We describe the MIS System (PrintSmith<sup>®</sup> Vision), CRM System (Print Speak), and agOnline System in Item 6.
4. This assumes that you are converting your existing business to an AlphaGraphics<sup>®</sup> Business Center under the Conversion Pathway and that you already own or lease the real estate for your location.
5. The amounts provided assume that you currently operate a typical graphics related business and that you already own or lease furniture, fixtures, signs, equipment and inventory. If you are acquiring a Franchised Business Center through a Conversion Pathway you may have fewer fees, depending upon your existing equipment and compliance with the Franchise Agreement. Your cost for furniture, fixtures, signs, equipment and inventory will vary greatly depending upon the size configuration and existing condition of your Franchised Business Center. At a minimum, you will need to replace signs, add décor and make other branding and equipment changes to comply with our System Standards (see Items 8 and 11). The low end of this range includes signage and a kiosk only; the high end of this range includes new equipment as described in Note 3 of ~~Item 7~~, Table ~~I7-1~~, above, including our recommendations regarding leasing the digital printing equipment. Please refer to Note 6 of ~~Item 7~~, Table ~~I7-1~~, above. You must fully comply with all the Operations Manual and the System Standards within 6 months of signing the Franchise Agreement. The amount listed is an estimate based on current known equipment specifications and costs. The equipment purchased or in current use must meet our specifications. These figures assume that your existing inventory, furniture, and technology equipment all meet our specifications. There are variables within the décor and signage packages that are determined solely by the size, location and layout of the Franchised Business Center that may impact the package costs.

As part of the Conversion Pathway, we will review with you asset lists and other information to determine what you need to do to convert the business to an AlphaGraphics<sup>®</sup> Business Center. In isolated instances the initial investment could be significantly more if your existing business is in a state that requires major work and a complete overhaul to comply with our Operations Manual and System Standards. The costs indicated for the equipment package and the digital printing equipment may increase or decrease based on a variety of factors beyond our control. These



include but are not limited to pricing changes by the vendor, substitution of an alternative piece of equipment by the vendor, availability of the equipment by the vendor or continued operation of the vendor. At times, we may also see fit to change the Operations Manual and System Standards, which may change the required package. Such changes may impact the cost of the equipment package.

6. You could incur these amounts if you finance your investment.
7. This item covers miscellaneous opening costs and expenses, including utility deposits, licenses, attorneys' and accountants' fees.
8. Additional funds are provided only as estimates and apply only to your initial 12-months of operations. Additional funds include working capital and other start-up expenses. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial 12-month phase of operations. This estimate also includes insurance, supplies and payroll costs, but not any draw or salary for you or your living expenses. If you hire a full-time manager to satisfy the 40 hours per week outside sales requirement, you might need additional funds. We have made certain assumptions based on revenue, operating costs, SBA guaranteed financing costs and payments and costs for building rents in reaching this estimate.

Your costs may be lower if you qualify for certain royalty reductions (see Item 6) because the business you are converting meets minimum annual sales thresholds.

9. To compile these estimates, we relied on our franchisees' experience in converting existing graphics related businesses to Franchised Business Centers, our experience in franchising the same type of business and our franchisees' performance. [Inflation may impact various costs.](#) You should review these figures carefully with a business advisor before making any decision to purchase the franchise. Except as disclosed in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

**TABLE ~~IV~~7-4 - AREA DEVELOPMENT AGREEMENT**

Type of Expenditure	Amount	Method of payment	When Due	To Whom Payments Is to be Made
Development Fee	<del>\$12,000</del> <u>12,500</u> per territory, with a maximum of two territories	Lump Sum	Due when you sign the Area Development Agreement	Us

If you develop a single Franchised Business Center, your initial franchise fee is ~~\$48,950~~49,750. If you commit to develop one or two additional Franchised Business Centers under an Area Development Agreement, we will credit the development fee against the applicable initial franchise fee. See Item 5 for more information about the initial franchise fee. These amounts are not refundable.

## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must develop and operate the Franchised Business Center under our mandatory and suggested specifications, standards, operating procedures and rules (“System Standards”) and in accordance with our Operations Manual. (See also Item 11.) Our System Standards may regulate, among other things, the types, models and brands of required or authorized equipment, fixtures, furnishings, signs, products, materials and supplies to be used in the Franchised Business Center, required or authorized goods and services the Franchised Business Center must or may offer, and designated or approved suppliers of services, equipment, fixtures, furnishings, signs, products, materials and supplies (including us and/or our affiliates (if any)). Currently, we do not make available to you our supplier approval criteria, but we may do so in the future.

It is important to us that each customer’s experience with AlphaGraphics® be positive. As part of our System Standards, we require our franchisees to operate their Franchised Business Center and implement a training program for your employees in compliance with our requirements although you will be exclusively responsible for the hiring and firing of all employees, terms of their employment, scheduling, benefits, disciplining, and compensation, and for all personnel decisions without any influence or advice from us. None of your employees will be deemed to be an employee of ours for any purpose, and you will notify each of your employees of this fact, according to our Operations Manual and System Standards requirements. We may monitor and evaluate your Franchised Business Center’s performance regarding customers using various methods, including customer surveys and mystery shoppers.

### Software and Equipment

As noted in Item 11, you must use the business management software, applications and communications systems we periodically specify (the “MIS System”). Currently, we require you to use the PrintSmith® SaaS software and you must sign the designated PrintSmith® Vision License Agreement and Support Agreement with us when you sign the Franchise Agreement. You must pay us an initial license fee, currently \$15,000, before we provide you with the license and the software for the MIS System. In some cases, you may pay no initial license fee or use an alternative MIS System temporarily as described in Items 6 and 11. Currently, we require you to use the Print Speak (CRM) software and you must sign the designated Print Speak License Agreement and Support Agreement with us when you sign the Franchise Agreement. You must pay us an initial license fee, currently \$250 to \$750, before we provide you with the license and the software for the Print Speak System. In some cases, you may pay no initial license fee as described in Items 6 and 11. Additional required software that you must, and optional software that you may, license from or through us is described below in connection with the Managed Services Program. You must purchase (or lease, as applicable) the new Franchised Business Center equipment package directly from us and/or directly from the suppliers we have approved. Each equipment package includes our approved equipment, fixtures, furnishings, signs and other display materials that meet our specifications and standards for quality, design, appearance, function and performance for Franchised Business Center, as applicable. If you are a New Business Center Franchisee, you must purchase the Center Development Package from us, and we are currently the only approved supplier of the Center Development Package. The Center Development Package, which we describe in Item 5, includes your initial computer system and certain other equipment, signage, and supplies listed in Schedule H to the Franchise Agreement. We will coordinate your purchase (or lease) of the components used at the Authorized Location of the new Franchised Business Center directly from approved suppliers based on the equipment we require you to purchase (or lease) and any other equipment options which you have chosen and we have approved. If you are an existing AlphaGraphics franchisee purchasing another AlphaGraphics franchise, we may, at our sole option, allow you to obtain certain equipment, fixtures, or supplies listed in Schedule H of the Franchise Agreement from an alternative source, which items and sources must meet our specifications, for use in your new Franchised Business Center. In such

circumstances, you must pay the full Center Development Fee, but we will issue credits to you for the specific equipment, fixtures, or supplies that will not be included in your Center Development Package and that we authorize you to obtain from an alternative source.

## Services

There are also certain services that you are required to obtain, some of which are bundled together as part of the Managed Services Program fees (See Item 6). The Managed Services Program fees are monthly fees paid to us that aggregates the amounts owed to vendors for various services. We have negotiated with vendors for these products and services. Our franchisees receive preferred pricing for these services from a number of outside vendors based on business that we provide to them. This fee is adjusted periodically and can be adjusted at any time a service or program-related cost increases, or we make changes, substitutions, additions, or deletions to the list of mandatory programs or services or the required vendor for such mandatory programs or services. As of the date of this Disclosure Document, the Managed Services Program fees currently include the following mandatory services:

Service	Description																				
Print Speak	<p>Print Speak is a Software-as-a-Service (SaaS) CRM, Data Aggregator and Business Intelligence platform integrated with the MIS System, currently PrintSmith® Vision. In addition to the one-time initial software license fee, the annual fee ranges from \$3,000 to \$9,000 for software support and upgrades. Four (4) Levels are available. Pricing for these options are:</p> <table><tr><th>Plan</th><th>Annual Invoices</th><th>Price / Annual</th><th>Initial License Fee</th></tr><tr><td>Level 1</td><td>0-1,999</td><td>\$3,000</td><td>\$250</td></tr><tr><td>Level 2</td><td>2,000-2,999</td><td>\$4,500</td><td>\$375</td></tr><tr><td>Level 3</td><td>3,000-4,999</td><td>\$6,000</td><td><del>\$500</del><u>\$550</u></td></tr><tr><td>Level 4</td><td>5,000+</td><td>\$9,000</td><td>\$750</td></tr></table> <p>If the Franchised Business Center annual invoice amount exceeds the enrolled plan level, the plan will roll up to the next level on a 12-month schedule.</p>	Plan	Annual Invoices	Price / Annual	Initial License Fee	Level 1	0-1,999	\$3,000	\$250	Level 2	2,000-2,999	\$4,500	\$375	Level 3	3,000-4,999	\$6,000	<del>\$500</del> <u>\$550</u>	Level 4	5,000+	\$9,000	\$750
Plan	Annual Invoices	Price / Annual	Initial License Fee																		
Level 1	0-1,999	\$3,000	\$250																		
Level 2	2,000-2,999	\$4,500	\$375																		
Level 3	3,000-4,999	\$6,000	<del>\$500</del> <u>\$550</u>																		
Level 4	5,000+	\$9,000	\$750																		
Financial Management Software	<p>We have a financial reporting and analytical software program that allows our franchisees to view their financial results on a comparative basis. One of the key features is the Vital Metrics report, which ranks your Franchised Business Center against all AlphaGraphics® franchisees in over 100 benchmarks in a 1, 3 and 12-month view. The annual Financial Management Software fee of <del>\$300</del><u>\$310</u> is for a single franchise. If you operate multiple locations, this fee is <del>\$408</del><u>\$422</u> annually.</p>																				
G Suite by Google	<p>The G Suite by Google (formerly Business Productivity Systems) \$1,044 annual fee provides each Franchisee with 10 Google Apps for Work accounts which provides email, spam filtering, calendaring, Google Sites, Google Drive and mobile device integration.</p>																				
MIS Support Fee	<p>The <del>\$3,744</del><u>\$3,872</u> annual fee for PrintSmith covers the Support Fee in the License and Support Agreement and includes software support and software upgrades, but does not cover the one-time software license fee.</p>																				
Message on Hold	<p>Message on Hold provides your Franchised Business Center with five (5) standard messages and five (5) custom messages per year for customers that promote AlphaGraphics® products and services and educate customers regarding new services and capabilities when customers are placed on hold. The annual fee is \$229.</p>																				
agOnline Premium	<p>agOnline Premium provides enhancements to the base agOnline system (which provides customers with a website where they can manage, personalize, proof, order, and distribute a variety of materials) by providing cross-media capabilities which include email, personalized websites, and campaign management along with enhanced variable file support through a production server. The annual fee is <del>\$4,932</del><u>\$5,100</u>.</p>																				
Industry Subscriptions	<p>Industry Subscriptions encompasses subscriptions for key industry resources. Currently, the annual fee is <del>\$113</del><u>\$144</u>. The resources we determine best suited can be added or reduced from time to time at our discretion.</p>																				
Payment Card Industry Data Security Standard Compliance (PCI DSS)	<p>The PCI DSS is a set of requirements designed to ensure that all companies that handle, process, store or transmit credit card information maintain a secure environment. Compliance provides decreased risk of security breaches, protection from costly fines and increased customer confidence. Two programs are available, which are an SAQ B and an SAQ C program. The annual fees range from</p>																				

Service	Description
	\$144 - \$240 and the majority of Franchised Business Centers incur costs of \$144 annually.
Franchisee Website Systems	The \$1,080 annual Franchisee Website Systems fee provides each franchisee with a Franchised Business Center --level website. You will be required to have a Website that we host for your Franchised Business Center. You will be provided a site with the launch of your AlphaGraphics® that will include core products and services as well as contact and about information for your Center. Your local Website must be approved by our marketing department before publication.
<a href="#">agOnline to Designated MIS Integration</a>	<a href="#">The integration is a system that automatically creates invoices or estimates in the MIS System for jobs that are submitted through agOnline. The annual fee is \$1,800.</a>

In addition, the Managed Services Program fees can also be used to cover optional programs and/or services from us or third-party vendors that you may elect to participate in (See Item 6). These programs are optional; however, we may, in the future, make one or more programs mandatory as part of the System Standards. Examples of optional programs or services as of the date of this Disclosure Document include the following:

Service	Description
<del>agOnline to Designated MIS Integration</del>	<del>The integration is a system that automatically creates invoices or estimates in the MIS System for jobs that are submitted through</del> <a href="#">Additional modules for</a> agOnline. The annual fee is <del>\$1,800</del> <a href="#">\$4,653</a> .
G Suite by Google	Additional Google Apps accounts can be purchased for an additional annual fee of \$105 per account.
PCI DSS	You have the option to pay a higher annual fee for certain PCI DSS services, which will cost \$240 instead of \$144 annual cost described under mandatory services above.
Managed Firewall Security	You have the option to purchase optional managed firewall service from Security Metrics for an additional annual fee of \$1,140 per year.
ShipLeap	This is a shipping support software, which for may be sublicensed from us at an annual fee of \$948 per year or \$1,188 per year depending on the specific subscription selected.
CareerPlug	You have the option to subscribe to CareerPlug, an applicant tracking system for hiring, for an additional annual fee of \$390 per year.
<a href="#">PrintSmith Vision</a>	<a href="#">Additional modules for PrintSmith Vision. The annual fee is \$2,958</a>
<a href="#">Color Management System</a>	<a href="#">Color Management System is required for participation in National Programs (e-commerce). The annual fee is \$300.</a>
<a href="#">FTP server</a>	<a href="#">This is in addition to agOnline for file hosting. The annual fee is \$60.</a>

If you have more than one Franchised Business Center, you may take advantage of our shared services program with lower Managed Services Program fees for some services, such as for agOnline support fee.

You or your accounting advisor must report all financials to us using our designated chart of accounts and accounting format. You also need to use such other bookkeeping services and professionals and/or software services as are approved by us to satisfy the bookkeeping and reporting requirements described in the Franchise Agreement. We currently require you to use QuickBooks Online Essentials.

### Suppliers

You must use the equipment, fixtures, furnishings, signs and other display materials that we approve for Franchised Business Centers as meeting our specifications and standards for quality, design, appearance, function and performance. We also have developed standards and specifications for products, materials, supplies and services used in operating Franchised Business Centers and specifications and marketing plans for particular brands of products, materials, supplies and services. We have approved and will periodically approve suppliers of equipment, fixtures, furnishings, products, materials, signs, supplies and certain services that meet our supplier standards, including standards for product quality, pricing, consistency, reliability, financial capability, advertising allowances and support, labor relations and customer relations. You must purchase and use only those brands and types of equipment, fixtures,

furnishings, products, materials, signs and supplies we approve and must purchase these items only from suppliers we approve. You also must obtain and use certain services, for instance for Managed Services Program fee programs and search engine optimization, only from suppliers we approve (which may be us or our affiliates, if any). In certain instances, we have approved franchisees to be a supplier of some products and services, such as direct mail postcards and search engine marketing.

We may approve a single supplier (including us and/or our affiliates, if any) for any product or service and may approve a supplier only as to certain products and services. We currently are the only approved website hosting services provider for our corporate website and all franchisee websites that exist under the AlphaGraphics.com domain. Our affiliate, Print Speak, is a required service provider you must use as described in this Item. Some of our officers own an indirect interest in us and our affiliate, Print Speak. During the fiscal year ended December 31, ~~2022~~2023, our affiliate Print Speak's revenues from its sales or leases to AlphaGraphics franchisees was ~~\$813,780~~872,385, and no other affiliate of ours derived revenue, rebates, or other material benefit from required purchases or leases of products and services by franchisees. Our revenues from providing all of the programs included in the Managed Services Program fee to our franchisees during the fiscal year ended December 31, ~~2022~~2023 was ~~\$3,159,550~~3,364,969, which was ~~14.9~~17.2% of our total revenues of ~~\$21,187,683~~19,578,284. We currently use these revenues to pay the underlying expenses associated with the licenses, subscriptions provided and to administer and support these programs. In the last fiscal year, we did not receive credits or fees from approved equipment and software suppliers on your purchase of the Franchised Business Center's equipment and software from these suppliers, although this policy is subject to change, and, if changed, we may do so in the future. We may receive marketing fees, which we use in whole or in part to cover our costs associated with helping vendors increase customer satisfaction and for our general purposes, from certain vendors for supporting their products and services. These fees are also used to help offset the costs of our network conference. You need not purchase from these vendors but are encouraged to do so. You purchase products from most of these vendors at reduced or wholesale prices. The credits, rebates, and fees we receive from approved suppliers may range from 0.5% to 10% of our franchisees' purchases. During our last fiscal year ended December 31, ~~2022~~2023, our revenue from these marketing fees was ~~\$477,999~~794,000, which was ~~2.25~~3.42% of our total revenues of ~~\$21,187,683~~23,223,572. Except as provided in this Item 8, there are no other instances where we or an affiliate is the only approved supplier of a good or service.

We estimate that approximately 50% of purchases required to open your Franchised Business Center and 5% of purchases required to operate your Franchised Business Center will be from us or from other approved suppliers and in accordance with our specifications.

We will provide you with the list of approved equipment, fixtures, furnishings, products, materials, supplies, services, and suppliers. We may modify this list as we deem appropriate in our discretion.

### Insurance

You must maintain at your own expense the insurance coverage that we periodically require from acceptable underwriters and brokers. Currently you must maintain at a minimum the insurance coverage described below, but the insurance requirements may change in the future. Insurance policies are subject to our approval. This coverage must insure us and you against any liability from the Franchised Business Center. Current coverage requirements are as follows: (1) comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least \$1,000,000 per occurrence and \$2,000,000 annual aggregate; (2) worker's compensation, employer's liability limits of: bodily injury by accident at least \$1,000,000 each accident; bodily injury by disease \$1,000,000 policy limit; bodily injury by disease at least \$1,000,000 each employee; (3) other insurance to meet the greater of all applicable statutory requirements or the then-current minimum levels of coverage as we may periodically require; (4) commercial property insurance policy, including,



at a minimum, fire, vandalism, theft, burglary, garage keepers and extended coverage insurance with primary and excess limits of not less than one hundred percent (100%) replacement value of the Franchised Business Center facility and fixtures, equipment and inventory; (5) business interruption/time element coverage in such amounts as we may periodically require either as a component of or an endorsement to a commercial property insurance policy; and automobile liability insurance for owned and non-owned business vehicles including personal injury, wrongful death and property damage with coverage of at least \$1,000,000 per occurrence.

All insurance policies will: (1) be issued by an insurance carrier(s) we designate or that meets our then-current minimum standards (currently AM Best Rating of at least A-, Class VII,); (2) will name us and our affiliates and their respective officers, directors and employees as additional insured; (3) contain a waiver of the insurance company's right of subrogation against us; (4) contain the above-mentioned insurance coverage for each Franchised Business Center that you operate unless otherwise approved by us; (5) provide that we will receive 30 days' prior written notice of any material change in or termination, expiration or cancellation of any policy; and (6) as applicable, include primary and non-contributory endorsement or language in form and content as we periodically require. We periodically may, with prior written notice to you, increase the minimum liability protection requirements, modify the policy, endorsement and other requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with a copy of the certificate of insurance in compliance, insurance policy endorsement and other evidence of compliance with these requirements as we periodically require at least two (2) weeks before you take possession and commence development of the Franchised Business Center premises. In addition, you will provide to us a copy of the certificate of or other evidence of the renewal or extension of each insurance policy.

#### PCI Compliance

You must participate in our designated Payment Card Industry ("PCI") compliance program and comply with all applicable data security standards. You will pay us or our designated third party supplier the then-current monthly fee and sign our or its designated third party supplier's standard form agreement related to your participation in our designated PCI compliance program.

#### Advertising and Promotional Approval

All advertising, promotional and marketing materials and website changes must be approved by us prior to your use of them, unless we have prepared or previously approved them. This includes any changes, subtractions or additions to our trademarks. You may not use any advertising or promotional materials that we have not approved or that do not include the copyright, trademark registration and other notices we designate.

#### Authorized Location Approval and Specifications

The Franchised Business Center must be at a site we have approved. If you lease the site, the lease must: (1) give us notice of and a right to cure your default; (2) allow you to assign your interest under the lease to us without the lessor's consent; (3) authorize and require the lessor to disclose to us, at our request, any information about the Franchised Business Center or the Authorized Location that you give to the lessor; (4) allow us to assume the lease upon termination of the Franchise Agreement (we will exercise this right only if we acquire the Franchised Business Center); and (5) state that the lessor has agreed to your use of our signage. You may not sign or modify the lease without our prior written approval. If you are obtaining a franchise under the Conversion Pathway, you will need to amend your existing lease or



enter into a new lease so that it includes items 1-5 above.

We will give you mandatory and suggested plans and specifications for a Franchised Business Center, including requirements for dimensions, design, image, interior and exterior layout, building materials, decor, equipment, signs, fixtures, furnishings and color scheme (except as modified for New Business Center Franchisees relating to the Center Development Package above). You must prepare all required construction plans and specifications and ensure that they comply with applicable ordinances, building codes and permit requirements.

Collectively, the required purchases and leases described above represent almost 100% of your total purchases and leases in establishing and then operating the Franchised Business Center.

### Miscellaneous

Except as described above, we do not currently derive revenue or other material consideration from required purchases or leases, though we reserve the right to do so in the future. We currently negotiate purchase arrangements (including price terms) with key equipment suppliers on an annual basis for the benefit of the AlphaGraphics® System as a whole, including us and our franchisees. We currently pass through to you, or have our suppliers pay you directly, any material rebate benefit(s) received from such suppliers for using the designated or approved sources. This policy is subject to change, and, if changed, we may retain some or all of any material rebate benefit(s) received from suppliers in the future. In addition, from time to time and at our sole option, we may reserve on behalf of the AlphaGraphics® System an inventory of optional equipment, supplies, or other materials from one or more approved suppliers, which franchisees may purchase from such supplier(s) at discounted pricing. Other than the foregoing, we do not provide material benefits to you for using designated or approved sources.

We do not have any purchasing or distribution cooperatives, but reserve the right to implement these in the future.

As discussed in Item 11 and Item 12 below, we have established or intend to soon establish ~~a certain~~ National ~~Accounts Program and E-Commerce Program, which you may~~ Programs, including enterprise accounts, corporate accounts, and e-commerce programs, which may require you to offer certain services to customers we refer to you, subject to our then-current requirements, ~~elect to participate in following the launch of these programs.~~ You must obtain e-commerce certification from us as a pre-requisite to participation in certain National Programs. At present, these are currently intended to be optional programs for franchisees. ~~We, but we~~ reserve the right to introduce ~~a mandatory national or corporate accounts program or E-commerce program (regarding customer orders submitted via the Internet) on reasonable notice in the future, which may require you to offer certain services to customers we refer to you.~~ National Programs. We reserve the right to discontinue ~~the any~~ National ~~Accounts Program, E-Commerce Program, and/or any similar program~~ at any time at our sole option.

All documents submitted to us must be submitted in the English language. Except as described in this Item 8, there currently are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software or real estate for the Franchised Business Center that you must purchase or lease from us or a designated supplier.

## **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) Authorized Location selection and acquisition/lease	Sections 2.A., 2.B., 4.A. and 4.B of Franchise Agreement Section 5 of Area Development Agreement	Items 1, 7, 8, 11 and 12
(b) Pre-opening purchases/leases	Sections 2.C., 2.D., 4, 9.A. and 10 of Franchise Agreement	Items 5, 7, 8 and 11
(c) Authorized Location development and other pre-opening requirements	Sections 4.A. – 4.E. and 10 of Franchise Agreement Section 5 of Area Development Agreement	Items 7, 8, 11 and 12
(d) Initial and ongoing training	Section 5 of Franchise Agreement	Items 1 and 11
(e) Opening	Sections 4.A. and 4.F. of Franchise Agreement Section 2 of Area Development Agreement	Item 11
(f) Fees	Sections 3.B.5, 4.E., 5.A.- F., 6, 10.J., 10.K., 11, 13, 15.C.6, 19.O. and 19.P. of Franchise Agreement, and Section 3 of Schedule C (License and Support Agreement) Section 4 of Area Development Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/operating procedures	Sections 2.A., 5.G., 6.J., 7.A., 7.C., 7.F., 8, 9.A, 10, 11, 12, 13, 14, 17 of Franchise Agreement Section 2.A of Area Development Agreement	Items 1, 8 and 11
(h) Trademarks and proprietary information	Sections 4.E., 7, 8, 10.E., 12 and 17.A. of Franchise Agreement, Schedule C (License and Support Agreement)	Items 1, 11, 12, 13 and 14
(i) Restrictions on products/services offered	Sections 2.C. – 2.D., and 10 of Franchise Agreement	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	Section 10 of Franchise Agreement	Items 1, 11 and 16
(k) Territorial development and sales quotas	Sections 2.A. – 2.D. and 6.C. of Franchise Agreement Section 5 and Schedule A of Area Development Agreement	Items 1 and 12
(l) On-going product/service purchases	Sections 4.E. and 10 of Franchise Agreement	Items 8 and 11
(m) Maintenance, appearance and remodeling requirements	Sections 3.B., 4.D., 10 and 15.C. of Franchise Agreement	Item 11
(n) Insurance	Section 10.J. of Franchise Agreement	Items 7 and 8
(o) Advertising	Section 11 of Franchise Agreement	Items 6 and 11
(p) Indemnification	Sections 6.I., 9.B and 10.J. of Franchise Agreement, Section 12 of Schedule C (License and Support Agreement)	Item 6
(q) Owner's participation/management/staffing	Sections 5.A., 10.D., 10.G., 10.I., and 20.A. of Franchise Agreement, Schedule E	Items 1, 11, 15 and 17
(r) Records/reports	Section 12 of Franchise Agreement	Items 8 and 11
(s) Inspections/audits	Section 13 of Franchise Agreement	Item 6
(t) Transfer	Section 15 of Franchise Agreement, Section 23 of Schedule C (License and Support Agreement) Section 9 of Area Development Agreement	Items 5, 7 and 17
(u) Renewal	Section 3.B. of Franchise Agreement	Item 17
(v) Post-termination obligations	Sections 14, 16 and 17 of Franchise Agreement, Sections 9 and 10 of Schedule C (License and Support Agreement) and Schedule E Section 7 of Area Development Agreement	Item 17
(w) Non-competition covenants	Sections 1.F., 14, 15.C.11 and 17 of Franchise Agreement Section 8 of Area Development Agreement	Item 17
(x) Dispute resolution	Sections 18 and 19 of Franchise Agreement and Section 12 of Schedule C (License and Support Agreement) Sections 10 and 11 of Area Development Agreement	Item 17
(y) Other: Guaranty	Sections 2.E and 15.B of Franchise Agreement Schedule E of Franchise Agreement Section 5.B of Area Development Agreement	Items 1 and 15

Obligation	Section in Agreement	Disclosure Document Item
	Schedule C of Area Development Agreement	

## ITEM 10 FINANCING

We do not offer direct or indirect financing, nor do we guarantee your note, lease or any other obligation. Most new franchisees obtain financing from third-parties or self-fund. We may provide assistance in helping you understand funding choices and requirements. We will review the personal financial statement that you provide and make appropriate suggestions as to the most appropriate funding pathway(s) and source(s). Most funding for new Franchised Business Centers comes from SBA guaranteed loans or from other conventional lending sources. Funding may also come from any combination of savings, home equity, securities, retirement savings, other assets, outside investors and cash gifts from family and friends. We may be able to suggest some financing sources for funding that understand the financing needs for a Franchised Business Center and that have multiple sources and strategies to finance your business. After you have paid initial fees, we will supply you with blank templates to assist in developing a pre-funding business plan and worksheets such as a budget, cash flow, and other business planning tools which might be helpful in providing a lender with the information necessary to acquire financing. We will not review, comment on, or approve, however, the completed form you provide to your lender.

Our franchise is listed on the SBA Franchise Registry ([www.franchiseregistry.com](http://www.franchiseregistry.com)) that is hosted by FRANData.com. This listing may provide our franchisees with faster SBA loan processing. This listing, however, does not in any way guarantee that a loan will be approved. We do not have any written arrangements with, and receive no benefit from, any financial institutions or third-party lenders or other sources of funding relating to their providing financing to our franchisees, or coordinate financing for our franchisees. You should base your choice of how to fund your investment upon your own analysis and guidance from an accountant, financial planner, attorney, or other competent professional advisor.

If you are purchasing a Franchised Business Center through a transfer from one of our existing franchisees, then you should note that some or all of the existing franchisee's equipment may be leased. We can provide some assistance to help you transfer these leases, but the terms of any lease or equipment transfer are part of your separate agreement with the selling franchisee and subject to the vendor's consent. Some vendors may not permit a transfer of the equipment lease, requiring instead that the lease be paid in full or that the selling owner remain on the lease as a guarantor.

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

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

Before you open your Franchised Business Center, we will:

1. Designate a representative from our operations support team to advise and consult you during your business start-up during the first 6 to 12 months after signing the Franchise Agreement, after which we are no longer required to provide such support. (Franchise Agreement – Section 5.B.)
2. Consent to an authorized location that meets our requirements (the "Authorized Location"). We will give you our site specifications. If your Authorized Location is not identified when you sign the Franchise Agreement, a representative of AlphaGraphics® will review and approve your proposed site. We will consent to or reject a proposed location within a reasonable period of

time after we have completed our review of the proposed site. (Franchise Agreement – Sections 2.A., 4.A and 4.B.) If you enter into an Area Development Agreement, we will designate one or two Development Areas and you will develop one Franchised Business Center within each Development Area. You must execute our then-current form of Franchise Agreement for each Franchised Business Center to be developed. For each Franchised Business Center under a Franchise Agreement executed pursuant to an Area Development Agreement, we will review and consent to the site you propose if it meets our then-current site selection guidelines. (Area Development Agreement – Sections 2 and 5.A.)

3. Approve any lease in connection with your Franchised Business Center’s premises. You may not sign or modify any lease in connection with the premises without our prior written approval. (Franchise Agreement – Sections 4.B.; see Item 8.)
4. Deliver a Franchise Agreement to you for signing if you have sufficient financial resources to develop and operate the proposed Franchised Business Center properly, are complying with your other franchise agreements, if applicable, and otherwise meet our qualifications to open such a location. (Franchise Agreement – Section 2.A.)
5. Designate a Protected Area around the Franchised Business Center at the time we deliver the Franchise Agreement, or, in certain limited cases, after you select and we approve the Authorized Location. (Franchise Agreement – Sections 2.A., 2.B., and 4.B.)
6. Give you mandatory and suggested plans and specifications for your Franchised Business Center, including requirements for dimensions, design, image, interior and exterior layout, building materials, decor, equipment, signs, fixtures, furnishings and color scheme. (Franchise Agreement – Section 4.C. and 4.D.)
7. Permit you to use our MIS System, CRM System and other software programs at the Franchised Business Center. (Franchise Agreement – Section 4.E. and Schedule C.) We describe this software later in this Item.
8. As discussed in Item 8, we identify the equipment, fixtures, furnishings, signs, products, materials, supplies and services for the Franchised Business Center, required or authorized goods and services the Franchised Business Center must or may offer, the minimum standards and specifications you must satisfy and the designated or approved suppliers from whom you may buy or lease these items (including us). We will provide written specifications and the names of designated or approved suppliers regarding equipment, signs, fixtures, opening inventory, and supplies. We will assist with the installation of initial signage; otherwise, you are responsible for the delivery and installation of these items. (Franchise Agreement – Sections 4 and 10.)
9. We will allow you access to the “Operations Manual,” which include our procedures, policies and other resources, of which we may make available digitally. The table of contents for our Operations Manual are included in Exhibit F. The total number of pages for our Operations Manual is ~~415~~205. (Franchise Agreement – Section 5.G.)
10. Train you or your Managing Owner and one additional management-level employee you designate and we approve to attend training. (Franchise Agreement – Section 5.A.) We describe this training later in this Item.
11. If you are a New Business Center Franchisee, we will provide to you the Center Development Package described in Schedule H to the Franchise Agreement following your payment of the Center Development Fee. (Franchise Agreement – Section 6.B.6.)

During your operation of the Franchised Business Center, we will:

1. Provide you advice on operational issues and provide assistance in operating the Franchised Business Center as we deem appropriate. Operating assistance may include advice regarding the following: (a) products and services authorized for sale at AlphaGraphics® Business Center; (b) updates to approved supplies and suppliers; (c) updates to the Operations Manual and System Standards; (d) marketing assistance and sales promotion programs; and (e) establishing and operating general administrative, sales and operating procedures to properly operate an AlphaGraphics® Business Center. We will guide you in our Operations Manual, System Standards and bulletins, by electronic transmission and/or during telephone consultations or in person at our office or the Franchised Business Center. (Franchise Agreement – Section 5.G. and 10.G.)
2. Currently operate a Help Desk which provides Franchised Business Center support via telephone, email, support portal, and online chat. Currently, our Help Desk is open Monday through Friday, 6 a.m. to 6 p.m. Mountain Standard Time. Support is provided upon request, within a reasonable timeframe, in regards to the following disciplines: (a) sales; (b) technical; (c) operations; (d) marketing; (e) financial; (f) fulfillment; and (g) lead generation. However, we can modify, change or discontinue such services in the future in our sole discretion. (Franchise Agreement – Section 5.C.)
3. Provide you, at your reasonable request and when our personnel are available, special training or other assistance for an additional charge. We also periodically will offer programs on specific aspects of operating AlphaGraphics® Business Centers. These are available to you at your option. (Franchise Agreement – Section 5.D.) (See Items 6 and 11.)
4. We will allow you access to our Operations Manual and System Standards, including the materials or information we give franchisees for use in operating AlphaGraphics® Business Centers. The Operations Manual and System Standards will contain mandatory and suggested specifications, standards and operating procedures. (See Item 8.) We may modify the Operations Manual and System Standards periodically to reflect changes in procedures. (Franchise Agreement – Section 5.G. and 10.G.)
5. Issue and modify System Standards for AlphaGraphics® Business Centers. (Franchise Agreement – Section 10.G.)
6. Inspect and observe the Franchised Business Center's operations to assist you in complying with the Franchise Agreement, the Operations Manual and all System Standards. (Franchise Agreement – Section 13.)
7. Establish and administer funds for marketing and similar programs we deem necessary or appropriate. You must contribute to these funds on a monthly basis. (See Item 6.) If we or our affiliates own a Franchised Business Center that is in the region, we and our affiliates will contribute to the funds as described in Item 6. (Franchise Agreement – Section 11.)

We may delegate the performance of any service, program, or obligation to our affiliates, parent company, or to third parties, and such delegates will have the right to perform any such obligations on a combined basis, utilizing the same or shared personnel, or in conjunction with the performance of the same, similar, or different services for or on behalf of our or our affiliate's or our delegate's company-owned, company-operated, licensed, or franchised businesses, which may be in competition with your Franchised Business Center. We will have the right, in our sole discretion, to allocate costs,



personnel, and other resources among any combined programs. (Area Development Agreement – Section 12.E; Franchise Agreement – Section 5.H.)

### *Franchised Business Center Opening*

We estimate that it will take you approximately ~~9~~6 months after you sign the Franchise Agreement before you begin operating the Franchised Business Center at an Authorized Location if you are a New Business Center Franchisee or an Acquire and Convert Franchisee. We estimate that it will take between 12 to 24 weeks for a Conversion Pathway franchisee to fully operate as an AlphaGraphics® Business Center. The amount of time required to open your Franchised Business Center from an Authorized Location will depend on the site's location and condition, the length of lease negotiations, the construction schedule, the delivery schedule for equipment and supplies, delays in securing financing arrangements, completing training and your compliance with local laws and regulations. You cannot begin operating the Franchised Business Center from a site until: (1) we approve the Franchised Business Center as an Authorized Location and your lease; (2) training is complete to our satisfaction; (3) you have paid all amounts due to us; (4) we have received copies of all required insurance policies or other evidence of the required insurance coverage and payment of premiums; and (5) we have received verification that you comply with all applicable laws, regulations, codes and ordinances and that you have received all necessary permits. Subject to these requirements, you must begin operating the Franchised Business Center at an Authorized Location within 6 months after you sign the Franchise Agreement. If you do not meet these requirements to open and begin operation of your Franchised Business Center at the Authorized Location, then we can terminate your Franchise Agreement and retain the initial fees. (Franchise Agreement – Sections 4.F., 6.A., 6.B. and 16.A.)

~~We have instituted a 2023 Incentive Program. If you are a New Business Center Franchisee, you will have 9 months after you sign to begin operating the Franchised Business Center at an Authorized Location.~~

### *Time to Complete a Conversion*

If you are converting an independent designated related business into an AlphaGraphics® Business Center then you will have 6 months to complete the conversion process and ensure that you are compliant with the Operations Manual and all System Standards. If you are not fully compliant with the Operations Manual and all System Standards within this time frame, then we can terminate your Franchise Agreement and retain the initial fees. (Franchise Agreement – Sections 6.A., 6.B. and 16.A; Exhibit I.)

### Advertising~~and~~, Marketing, and the AlphaGraphics® ~~Integrated Marketing Brand~~ Fund ~~(“AIM”)~~

You will pay to us for deposit in the AlphaGraphics® ~~Integrated Marketing Brand~~ Fund (the “~~AIMBrand~~ Fund”) a fee (the “~~AIMBrand Fund~~ Fee”) in the amount of 2.5% of Gross Sales, subject to a yearly cap (the “~~AIMBrand Fund~~ Cap”) as follows: (i) for the first Franchised Business Center you operate, the ~~AIMBrand Fund~~ Cap is ~~\$19,453~~22,060 and (ii) if you operate any additional Franchised Business Centers, your ~~AIMBrand Fund~~ Cap is ~~\$9,667~~10,962 for each additional Franchised Business Center. We may change the applicable ~~AIMBrand Fund~~ Cap at our option, but we will not increase the applicable ~~AIMBrand Fund~~ Cap by more than ten percent (10%) per year (in addition to any permitted CPI adjustment increases). We currently intend to increase the applicable ~~AIMBrand Fund~~ Cap by ten percent (10%) per year in addition to any permitted CPI adjustment increases each year for the next three years. The Brand Fund was formerly known as the AlphaGraphics Integrated Marketing Fund.

The ~~AIMBrand Fund~~ Fee is due and payable each month at the same time as the Royalties and are based on Gross Sales of the prior month. The primary purpose of the ~~AIMBrand~~ Fund is to maximize recognition of the Marks and patronage of AlphaGraphics® Business Centers. We will place all



AIMBrand Fund Fees we receive in the AIMBrand Fund and will manage the AIMBrand Fund. We also will contribute to the AIMBrand Fund for each AlphaGraphics® Business Center that we or our affiliates operate in the United States at the same percentage rate as AlphaGraphics® franchisees must pay to the AIMBrand Fund. We will direct all finances, and we have the sole right to decide the creative concepts, materials and endorsements used and their geographic, market and media placement and allocation. Reasonable disbursements from the AIMBrand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including for lead generation, sales promotion and business development programs, creative design costs to produce marketing and advertising materials, the cost of formulating, developing and implementing advertising, and marketing promotional materials; programs and efforts to increase patronage of AlphaGraphics® businesses and business development; and the reasonable costs of directing and administering the AIMBrand Fund, including the cost of employing advertising agencies to assist us and providing promotional brochures and advertising materials to AlphaGraphics® Business Centers and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the AIMBrand Fund. The AIMBrand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the AIMBrand Fund. We cannot ensure that you or any individual franchisee will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of AlphaGraphics® Business Centers to the AIMBrand Fund in that year. We are not required to spend any amount on advertising in your Protected Area. We do not currently purchase national advertisements, but reserve the right to do so in the future. We require AIMBrand Fund Fees to be collected before our payment of AIMBrand Fund related services. We may, through the AIMBrand Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as we impose on plans and materials we furnish to other AlphaGraphics® franchisees. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing and promotional programs. (Franchise Agreement – Section 11.A.).

We will account for the AIMBrand Fund separately from our other funds and not use it for any of our general operating expenses, except for reasonable salaries, travel expenses, administrative costs and overhead we incur in administering the AIMBrand Fund and each of its programs, including conducting market research, preparing and updating marketing databases, preparing advertising, marketing and public relations materials and collecting and accounting for AIMBrand Fund Fees. We may spend in any fiscal year less than the total contribution of all AlphaGraphics® Business Centers in that year, and we will reserve (in cash, by investment or otherwise) any surplus for future use. We will use all interest earned on AIMBrand Fund Fees to pay for costs before using AIMBrand Fund's other assets. We will not use AIMBrand Fund Fees for advertising that principally is a solicitation for the sale of franchises. The AIMBrand Fund is not audited. We will prepare an annual statement of AIMBrand Fund Fees and expenses and give the prior fiscal year's statement to you on written request. We may incorporate AIMBrand Fund Fees or operate it through a separate entity whenever we deem appropriate, and that entity will have all of the rights and duties described in this Disclosure Document.

During our last fiscal year, which ended December 31, ~~2022~~2023, we collected all of the monies for the AIMBrand Fund (See Item 6), and of the total expenditures, spent ~~53~~40% on sales and marketing support, ~~24~~48% on advertising and lead generation, ~~20~~10% on general and administrative, and ~~3~~2% on annual conference expense. No portion of the AIMBrand Fund Fees was used to solicit new franchise sales.

Although we will try to use the AIMBrand Fund to develop programs, databases, and materials and to develop and place advertising that will benefit all Franchised Business Centers, your Franchised Business Center might not benefit directly or in proportion to its AIMBrand Fund Fees from the development and placement of advertising and the development of marketing materials and databases.

If the ~~AIM~~Brand Fund terminates, we will return all unspent monies on the date of termination to franchisees participating in such fund or program, and to us and our affiliates, in proportion to their and our respective contributions during the previous 12-month period. We can use collection agents and begin legal proceedings to collect amounts owed to any fund at the fund's expense and forgive, waive, settle and compromise all claims by or against a fund. We assume no other direct or indirect liability or obligation to you for maintaining, directing or administering any fund.

Note that we can form, change or dissolve the ~~AIM~~Brand Fund at any time. We do not currently have any advertising cooperatives, except as described above, but reserve the right to form these in the future.

### *Local and Regional Marketing*

While we currently do not impose any local advertising requirement, we reserve the right to do so in the future. If we do so, in addition to the ~~AIM~~Brand Fund Fee described above, you will spend at least the amount we designate, which will not exceed 1½% of Gross Sales during each Royalty Year on "approved" advertising and promotional activities for your Franchised Business Center. Within ninety (90) days after the end of your fiscal year you will provide us with an accounting of the funds that you have spent for approved local advertising for the preceding Royalty Year. If you do not spend the minimum amount required under Section 11.B. of the Franchise Agreement during the Royalty Year for approved local advertising, you will deposit with us the difference between what you should have spent for approved advertising during the Royalty Year and what you actually spent for approved advertising during the Royalty Year. We will deposit that amount in the ~~AIM~~Brand Fund or spend it in the Protected Area at our option. (Franchise Agreement – Section 11.B.)

We reserve the right to designate regional advertising markets, to establish regional advertising councils and to establish the bylaws and other rules under which such councils will operate. You must participate in, support and contribute a proportionate share, but no more than an amount equal to 1% of the Gross Sales for the Franchised Business Center, of the cost of regional cooperative advertising programs we either designate or which we approve if initiated by AlphaGraphics® franchisees in your region. The Phoenix Region has established a regional cooperative advertising program and if your Franchised Business Center is located within this regional area, you must contribute to the cooperative. Your contributions to a regional cooperative advertising program will be credited toward your local advertising obligations if we have established a local advertising requirement. See below. (Franchise Agreement – Section 11.C.)

### *Opening/Reopening Performance Package*

You will pay \$10,000 for an Opening/Reopening Performance Package. The package includes items as determined by us to enhance the opening (or reopening) of your Franchised Business Center using the AlphaGraphics® System, such as an opening campaign or transition support (if applicable), grand opening event expenses, and marketing support. This fee may include our general and administrative expenses in administering such efforts. You must use the Opening/Reopening Performance Package within 1 year of signing the Franchise Agreement or it will expire, and you will not receive a refund of the payment. You will pay \$5,000 instead of \$10,000 if you are a transfer franchisee, and \$7,500 instead of \$10,000 if you are a Conversion or Acquire and Convert Business Center franchisee, as described in Item 5.

We have instituted a ~~2023~~2024 Incentive Program. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, then your cost for the Opening/Reopening Performance Package will be reduced to \$5,000.

If you are an existing AlphaGraphics® franchisee who meets our qualifications and you choose to purchase another Franchised Business Center under either the New Business Center Pathway or the Acquire and Convert Pathway, your purchase of the Opening/Reopening Performance Package is optional; however, if you do not purchase the Opening/Reopening Performance Package under these circumstances, we will not provide you with the Sales and Marketing Incentive Package described below.

#### *Sales and Marketing Incentive Package*

At our expense, if you are a New Business Center franchisee, we will provide you with a sales and marketing incentive package (“Sales and Marketing Incentive Package”) in the amount of \$5,000.00. This package will include items as determined by us to enhance the opening of your Franchised Business Center, such as an opening campaign, transition support, grand opening event expenses, and/or marketing support. We ~~may consult with you on the items to be included in~~ will execute this package, ~~but we will make the ultimate decision on what will be included. If we agree, then you may pay for the items included in this package and we will reimburse you; otherwise, we will pay for the items included in~~ this package on your behalf. This package may include our general and administrative expenses in administering such efforts. You must use the Sales and Marketing Incentive Package within 12 months of the opening of the Franchised Business Center or its availability will expire, and you will not receive any credits or further reimbursements. You must be in full compliance with the Franchise Agreement and all other related agreements to be eligible to receive benefits from the Sales and Marketing Incentive Package.

We have instituted a ~~2023~~2024 Incentive Program. If you are a New Business Center Franchisee who is not an existing AlphaGraphics franchisee, the amount of the Sales and Marketing Incentive Package that we will provide to you will be increased to \$7,500.00. If you are (i) an Acquire and Convert Franchisee, (ii) the existing business that you are converting had over \$1,000,000.00 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, and (iii) you close on the purchase of the existing business you are converting within six (6) months of the Effective Date of the Franchise Agreement, then we will provide you with a Sales and Marketing Incentive Package in the amount of \$2,500.00. If you are (i) a Conversion Business Center franchisee, and (ii) your existing business had over \$700,000 in annual gross sales during any consecutive twelve (12) month period between January ~~2021~~2022 and December ~~2022~~2023, then we will provide you with a Sales and Marketing Incentive Package in the amount of \$2,500.00.

We will not provide you with any Sales and Marketing Incentive Package if you are an existing AlphaGraphics® franchisee who purchases another Franchised Business Center under either the New Business Center Pathway or the Acquire and Convert Pathway and you elect not to purchase our Opening/Reopening Performance Package.

#### *Other Marketing Information*

You will use your best efforts to promote and advertise the Franchised Business Center and will participate in all advertising and promotional programs we establish in the manner we direct. You will have the right to advertise and sell your products and services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines. You may promote your Franchised Business Center and participate in social media campaigns in accordance with our written policies and procedures.

You must, at your expense, list and advertise the Franchised Business Center in the online directories we direct, using our standard forms of listing. The cost of advertising will be credited towards your local advertising obligations, if any.

You cannot use any Mark as part of any domain name, electronic address, digital address, user name,

AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~2024  
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search engine, listing or online marketing, including but not limited to metatags, keywords and adWords that you maintain on the Internet, the World Wide Web, social media or other online sites, or any other similar proprietary or common carrier electronic delivery systems, unless and then only to the extent that we authorize you to do so. We currently provide you with a website for your Franchised Business Center, and may permit you to link to our website located at [www.alphagraphics.com](http://www.alphagraphics.com). Please see Item 12 for a description of our policies regarding Internet sales and Item 13 for a further description of using the Marks in advertising. (Franchise Agreement – Section 7.)

### *Network Leadership Council*

We currently have one advisory council, called the Network Leadership Council (“NLC”) that provides us with ongoing policy and support program feedback and guidance, periodic updates of network strategy and action plans, input on marketing programs and materials, and reviews certain advertising creative work. The NLC’s membership includes elected and appointed franchisees and master licensees as well as representatives of us. Master licensees are individuals or entities outside the United States which have a license from us to offer AlphaGraphics® Business Center franchises in certain countries. We appoint some of the NLC members and other NLC members are selected by franchisees in various regions through a nomination and selection process. The NLC may establish committees, task forces and the like to help it gather feedback, explore ideas or analyze issues. The NLC serves in an advisory capacity only; however, we expect it to influence many major decisions. We can change or dissolve the NLC in its entirety, or how members are elected and how many, whenever we choose.

### Franchisee Referral Program

We currently offer a program by which, under certain circumstances, we provide a referral bonus to existing franchisees who refer to us a new prospect that signs a new franchise agreement within 24 months of the referral. The prospect must be new to the AlphaGraphics franchise system and cannot be an existing franchisee of us or any of our affiliates. The referral bonus will be (a) \$10,000 if the prospect executes a new franchise agreement for a new Franchised Business Center (regardless of the specific pathway), or (b) \$2,500 if the prospect obtains a franchise through an approved transfer; provided, a transferring franchisee is not eligible to receive a referral bonus in connection with the transfer of its own franchise agreement. We may change or discontinue the program at any time. Franchisees who receive financial incentives to refer prospective franchisee leads to us may be required to register as franchise brokers or franchise sales agents the laws of certain states. If applicable law requires an existing franchisee to register as a franchise broker or franchise sales agent under such circumstances, such existing franchisee will not be eligible to receive any referral bonus unless and until such existing franchisee is first registered as a franchise broker or franchise sales agent. The role of existing franchisees who refer prospective franchisees to us ends with the referral and such referring franchisees may not participate in the franchise sales process in any manner, including validation. Existing franchisees that make such referrals do not have the authority to bind us to any agreement, to negotiate on our behalf, to make any representations, or to solicit or accept funds on our behalf.

### Computer and Software Standards

You must buy, lease, or license, as we may require, computer, hardware, software, and application service systems that comply with our standards in operating your Franchised Business Center. We will not approve any compatible equivalent to the standards. We may, but are not obligated to, update the standards from time to time to adjust for availability, model, brand, technology, or price changes. Changes to the standards will meet or exceed our current AlphaGraphics® Computer and Software Standards. You must purchase a license to the most current software version of each required software package. You must upgrade or update to the latest standards as we direct. There are no contractual

limitations on the frequency and cost of this obligation. We do not require that you buy or use electronic cash registers, other than as may be required to use fully the point-of-sale program described below. (Franchise Agreement – Sections 4.E. and 10.E.)

These programs and applications currently include a financial management software tool for reporting and analytics, G Suite by Google (formerly Business Productivity Systems) for email and calendaring (\$1,044 annual fee which provides up to 10 Google Apps for Work accounts). Additional Google Apps for Work accounts can be purchased at an additional \$105 annual fee per account), a license for our MIS System (one-time fee of \$15,000) and MIS System Support fee, a license for Print Speak (initial one-time license fee of \$250 - \$750) and ongoing Print Speak System Support fee, or successor programs that we specify. The financial management software tool, G Suite by Google (formerly Business Productivity Systems), and MIS System Support provider fees (~~\$3,744~~\$3,871.32 annual fee) are paid on a monthly basis as part of the Managed Services Program fee. (See Items 6 and 8.) We may make changes to the mandatory and/or optional services encompassed in the Managed Services Programs fee at any time. We reserve our right to require additional or substitute mandatory services, to change required vendors for certain mandatory services, and/or to remove certain services from the list of mandatory services (or make such services optional) encompassed in the Managed Service Program fee. Such changes, which could occur at any time, may result in changes to the amount of your Managed Service Program fee. In addition, the amounts charged for both mandatory and optional services may change from time to time at any time. As described below, we currently require you to sign agreements for the MIS System and ongoing support. We estimate that your combined computer software and hardware costs to purchase or lease any electronic cash register or computer system to begin operation of your Franchised Business Center will range from \$14,750 to \$18,000, plus your annual costs related to your use or maintenance of software as described. If you are a New Business Center Franchisee, the cost to purchase your initial computer hardware (but not the cost for any initial or ongoing licenses) is included in the Center Development Fee you pay to us.

#### *AlphaGraphics' Management Information System (MIS)*

You will license and use the management information software, applications, data storage and communications system that we designate or its successor program (the "MIS System"). (Franchise Agreement – Section 4.E.) Currently our designated MIS System is EFI PrintSmith® Vision. PrintSmith® Vision is used for your day-to-day operations, the tangible media upon which the MIS System is recorded, the system license and the database. Our current MIS System annual support and maintenance fee is ~~\$3,744~~\$3,871.32. This support and maintenance fee is in addition to the one-time initial license fee of \$15,000 to purchase a license for the MIS System.

As stated in Item 6, if you are acquiring a Franchised Business Center through a Conversion or an Acquire and Convert Pathway, your MIS System initial and support and maintenance fees may be different as follows: (i) if the business currently licenses and uses PrintSmith® Vision SaaS, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not PrintSmith® Vision SaaS), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to PrintSmith® Vision SaaS and pay the initial license fee of \$15,000 and (iii) If the business currently licenses any PrintSmith® software program other than the PrintSmith® Vision SaaS software that we utilize, you may take advantage of any discounts that PrintSmith® is offering to pay a reduced fee to upgrade instead of the initial license fee of \$15,000.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your MIS System Fee may be different as follows: if the business currently licenses and uses PrintSmith®



Vision, you will not pay an initial license fee but you will pay the standard annual support and maintenance fee.

You must sign the PrintSmith® Vision License and Support Agreement in Schedule C to the Franchise Agreement. In the event that we identify a program to replace PrintSmith® Vision (which we may do periodically but no more frequently than one time in each 5 -year period during the term), you will be required to adopt the new system at your expense. (See Items 6 and 8.) (Franchise Agreement – Section 4.E.)

We can access the MIS System to analyze and use all data processed or stored in the MIS System. There are no limits on our right to do so. You are required to provide us with routine (as often as once a month) copies of the MIS System data. Following termination or expiration of the Franchise Agreement for any reason, we will repossess the tangible media upon which the MIS System is recorded, the system license, the database and any other materials delivered to or accessed by you that are related to the MIS System and we will also repossess, and use or disclose, any data we retrieve for any and all purposes.

#### *AlphaGraphics' Customer Management System (CRM)*

You will license and use the customer management software, applications, data storage and communications system that we designate or its successor program (the “CRM System”). Currently our designated CRM System is Print Speak. Print Speak is used for your day-to-day sales and marketing operations, the tangible media upon which the CRM System is recorded, the system license and the database. Our current CRM System annual support and maintenance fee is \$3,000 – \$9,000. This support and maintenance fee is in addition to the one-time initial license fee of \$250 - \$750 to purchase a license for the CRM System.

As stated in Item 6, if you are acquiring a Franchised Business Center through a Conversion or an Acquire and Convert Pathway, your CRM System initial and support and maintenance fees may be different as follows: (i) if the business currently licenses and uses Print Speak, you will not pay an initial license fee and (ii) if the business currently licenses and uses another software program (not Print Speak), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to Print Speak and pay the initial license fee of \$250 - \$750.

If you are acquiring a Franchised Business Center through a transfer from an existing franchisee, your CRM System Fee may be different as follows: if the business currently licenses and uses Print Speak, you will not pay an initial license fee but you will pay the standard annual support and maintenance fee.

You must license and use the Print Speak CRM system. In the event that we identify a program to replace Print Speak (which we may do periodically but no more frequently than one time in each 5 year period during the term), you will be required to adopt the new system at your expense. (See Items 6 and 8.)

We can access the CRM System to analyze and use all data processed or stored in the CRM System. There are no limits on our right to do so. Following termination or expiration of the Franchise Agreement for any reason, we will repossess the tangible media upon which the CRM System is recorded, the system license, the database and any other materials delivered to or accessed by you that are related to the CRM System and we will also repossess, and use or disclose, any data we retrieve for any and all purposes.

#### *Computer Program Access and Customer Information*

We will have the ability to access independently all of the computer files and programs you will use,



including artwork files, customer information and e-commerce information, as well as all electronic and digital communications. There are no contractual limitations on our right to access such information. We may use such information for any purpose. Upon termination or expiration of the Franchise Agreement for any reason, you must deliver to us and cease use of all customer artwork, customer information and e-commerce information, including customer purchase histories, contact information, digital files, templates and other materials provided to you by, or collected by you from, customers. (Franchise Agreement – Sections 4.E. and 17.) We may use such artwork and other information as we see fit after termination or expiration, including providing it to another franchisee.

### Legacy Program

We currently have established a Legacy Program to help you pass your ownership interests on to your children or grandchildren. If you choose to participate, and we approve the transfer, we will reduce the Transfer Fee by 70%. In certain cases, the Transfer Fee may be waived. Your children or grandchildren may be required to attend Discovery Day or Training. We reserve the right to change the Legacy Program at any time.

### National ~~Corporate Accounts Program and E-Commerce Program~~ Programs

We have established or intend to soon establish ~~and begin administering this year a certain~~ National ~~Aceounts-Program~~ Programs, including enterprise accounts, corporate accounts, and e-commerce programs. At present, these are currently intended to be optional programs for franchisees, but we reserve the right to introduce mandatory National Programs. “National ~~Aceount~~ Program Customer” means a customer, a group of customers, or an entity acting on behalf of a customer group with offices, franchises, stores, locations, or that may be conducting business across multiple geographic areas (which may be inside or outside your Protected Area) and for which we have arranged, or will arrange, to provide products or services on a national or regional basis. National ~~Aceount~~ Program Customers may include individuals, corporations, non-profit organizations, federal, state, and local government entities and organizations and any other persons or entities that may have a need or desire to purchase the products or services directly from us inside or outside of your Protected Area. ~~Upon~~ As National Programs ~~launch-of-the program~~, we will have the sole and exclusive right to supply (in whole or in part) or designate any other entity (including you, our affiliates, or other franchisees) to supply products or services to National ~~Aceount~~ Program Customers, whether the products or services are delivered to a location inside or outside of your Protected Area. We may, but will not be required to, request that you provide products or services to a National ~~Aceount~~ Program Customer within your Protected Area in exchange for a payment to be made by us to you in an amount to be determined by us at the time of our request. ~~We may require you to enter into our then current form of National Account Participation Agreement for you to~~ To be eligible to service National ~~Aceount~~ Program Customers. ~~Upon launch of the program, if, you must become e-commerce certified by us and execute the then-current form of any e-commerce addendum or participation agreement we require. Our current E-Commerce Addendum is attached at Exhibit L. If~~ you do not timely accept our request to provide products or services to a National ~~Aceount~~ Program Customer or you otherwise are not in full compliance with any requirements of the National ~~Aceounts-Program~~ Programs or applicable agreements, we may, through ourselves, an affiliate, or a subcontractor (including another franchisee), provide the products or services to the National ~~Aceount~~ Program Customer, including within your Protected Area. Our policies and procedures with respect to the provision of products and services to National ~~Aceount~~ Program Customers may change from time to time, as will be detailed in the National ~~Aceount~~ Program’s written procedures and terms and conditions. We, our affiliates, or other franchisees may discuss with any of your customers or prospective customers the possibility of becoming a National ~~Aceount~~ Program Customer. We, our affiliates, or other franchisees can use information from any source, including you, in these discussions.

~~We intend to establish and begin administering this year an E-Commerce Program to solicit and fulfill customer orders received over the Internet. We will have the sole and exclusive right to supply (in whole or in part) or designate any other entity (including you, our affiliates, or other franchisees) to supply products or services to E-Commerce customers, whether the products or services are delivered to a location inside or outside of your Protected Area. Upon launch of the program, if you meet the then current requirements for the E-Commerce Program, we may, but will not be required to, request you to provide products or services to E-Commerce customers within your Protected Area. To be eligible to service E-Commerce customers, we may require you to execute our then current form of E-Commerce Opt In Addendum or other similar agreement. In exchange for your completed provision of ordered products or services to an E-Commerce customer, we will pay you a service fee. Upon launch of the program, if you do not timely accept our request to provide products or services to an E-Commerce customer or you otherwise are not in full compliance with any requirements of the E-Commerce Program or applicable agreements, we may, through ourselves, an affiliate, or a subcontractor (including another franchisee) provide the products or services to the E-Commerce customer, including within your Protected Area. Our policies and procedures with respect to the provision of products and services to E-Commerce customers may change from time to time, as will be detailed in the E-Commerce Program's written terms and conditions. We, our affiliates, or other franchisees may discuss with any of your customers or prospective customers the possibility of becoming an E-Commerce customer. We, our affiliates, or other franchisees can use information from any source, including you, in these discussions.~~

~~At present, we envision franchisee participation in the National Accounts Program and/or E-Commerce Program will be optional. We reserve the right to introduce a mandatory national or corporate accounts program and/or e-commerce or similar program on reasonable notice in the future, which may require you to offer certain services to customers we refer to you. Alternatively, following their launch, we reserve the right to discontinue ~~the~~any National Accounts Program, E-Commerce Program, and/or any similar program~~Program at any time at our sole option.

### Training and Operating Assistance

You (or if you are an entity, your Managing Owner) must attend and successfully complete to our satisfaction, an initial training program on the operation of a Franchised Business Center at a place and time we designate. A total of 2 seats for attendees are included in your Initial Franchise and Transfer Fees, which covers the class attendance fee, but you are solely responsible for the compensation, travel, lodging and living expenses of your attendees while attending training. Any other management-level employees you request may attend training upon our authorization. In the case of multi-Business Center Owners, all Franchised Business Centers are required to have a Managing Owner or Certified Manager and each must attend the training program, and the manager of each additional Franchised Business Center is required to complete the training program to our satisfaction to become a Certified Manager. We may require training of other staff members at our discretion.

You or your Managing Owner are required to complete each of the steps of the training program. You or your Manager Owner must complete step 1, which is self-directed e-learning (Core Training) as we assign to you at your Franchised Business Center. You or your Managing Owner must complete the additional initial steps of the training programs as follows: (i) step 2 of the training (~~New Franchisee~~Initial Owner Training) must be completed within the first (30) days of the Effective Date of the Franchise Agreement, with the exception of New Business Center franchisees who must complete ~~New Franchisee~~Initial Owner Training 8 weeks from the soft opening of the Business Center; (ii) step 3 of the training requires you to complete additional training – wide format training and digital marketing training – within the first year of signing your Franchise Agreement. We also require that you participate in and complete prescribed performance programs (“Performance Groups”) over the first three (3) years

of signing your Franchise Agreement. Performance Groups involve 4-10 centers (owners and center staff members) who commit to improving performance in key areas of growth and profitability over a period of time. Performance Groups are comprised of both new franchisees, and existing franchisees and their team members. Participants receive training on subject matter relevant to the focus of the Performance Group. They establish performance goals, and group members work together to hold each other accountable, share successes and best practices, and support each other in meeting growth and profitability goals. New franchisees are required to participate in and complete the two (2) Performance Groups – “Generating More Leads,” and “Improving Lead Conversion” – within the first eighteen (18) months of signing their Franchise Agreements. Thereafter, new franchisees are required to participate in and complete an additional two (2) Performance Groups – “Growing Your Existing Accounts,” and “Improving Your Customer Retention” – within three (3) years of signing your Franchise Agreements. We reserve the right to alter the focus, subject matter, and/or sequencing of required Performance Groups.

We will also connect you with a qualified fellow owner (“Mentor”) ~~in your area~~ to offer support, assistance, and advice. While not required, we strongly recommend that you visit your mentor’s Business Center 1-2 times – once prior to ~~New Franchisee~~Initial Owner Training, and once following ~~New Franchisee~~Initial Owner Training. Additionally, we encourage you to reach out to your Mentor for input and advise as you have questions and as the need arises. In most cases, your Mentor will be within driving distance of your Business Center, so there is no expense associated with these visits other than gasoline, vehicle mileage, and meals associated with any day-long visits, which you will be responsible for. If there is no qualified Mentor available within driving distance or we otherwise select a Mentor for you outside your immediate geographic area, your engagement with your Mentor will be virtual with no associated expense.

We can terminate the Franchise Agreement if you or the Managing Owner does not successfully complete the steps of our initial training program within the time periods described above. (Franchise Agreement – Sections 5.A., 6.B. and 16.A.) You must pay all expenses that you or your Managing Owner, and any additional attendees incur, including, without limitation, travel, lodging, meals, entertainment, and salary. (See Item 5.) (Franchise Agreement – Sections 5.A. and 6.B.)

We may require that you or the Managing Owner complete all additional and refresher training programs that we designate. We may charge you a reasonable fee for the additional and refresher training programs. The fees for additional and refresher training programs currently range from \$800 to \$1,500 per day. You are solely responsible for the compensation, travel, lodging, and living expenses you, your Managing Owner, and your other managers incur in attending any additional or refresher training programs.

We will provide you with the on-boarding support services consistent with the program we have developed for the type of franchise you have.

For ongoing assistance, we will provide such guidance as we deem appropriate through our Operations Manual, System Standards, or other written materials, telephone conversations and/or meetings at our office or at the Franchised Business Center in connection with an inspection of the Franchised Business Center. We reserve the right to charge you a fee for any additional assistance we provide.

We offer ~~New Franchisee~~Initial Owner Training at regular intervals 8-10 times throughout the year. The subjects, hours, and locations of our training program are as follows:

## TRAINING PROGRAM

Subject <sup>1</sup>	Hours of Classroom Training <sup>1, 2</sup>	Hours of On-the-Job Training <sup>1, 2</sup>	Location
<p>Online Pre-work Training (as assigned)</p> <ul style="list-style-type: none"> <li>• <del>Digital</del><a href="#">Sales and Marketing</a></li> <li>• <del>agXsell &amp; In-bound Leads Pre Training</del></li> <li>• Center Operations and Workflow</li> <li>• <del>In-bound Leads Training</del></li> <li>• Paper, Ink, and Job Analysis</li> <li>• PrintSmith Vision</li> <li>• Print Speak</li> <li>• agSigns</li> </ul>	N/A	20	Online through self-directed e-learning conducted by you offsite. <del>In addition, we recommend, but currently do not require, an additional 117 hours of Digital Marketing training for all franchisees, which we provide in the same manner as this Core Training for no additional fee.</del>
<p><del>New Franchisee Training (NFT)</del></p> <ul style="list-style-type: none"> <li>• <del>Orientation Sessions</del></li> <li>• <del>Business Planning Sessions</del></li> <li>• <del>Production &amp; Center Operations Training</del></li> <li>• <del>Sales &amp; Marketing Training</del></li> </ul>	40	N/A	<del>Our training facility at our headquarters</del>
<p><del>Wide Format</del><a href="#">Initial Owner Training ("IOT")</a></p> <p><del>In center, hands-on wide-format training:</del></p> <p><a href="#">Week 1 – Operational Essentials</a></p> <ul style="list-style-type: none"> <li><a href="#">□ Products &amp; Services</a></li> <li><a href="#">□ Order Intake and Workflow</a></li> <li><a href="#">□ Production Workflow &amp; Quality Management</a></li> <li><a href="#">□ Wide Format Production</a></li> <li><a href="#">□ Digital Cutsheet Production</a></li> <li><a href="#">□ Production Simulation</a></li> <li><a href="#">□ Financial Management</a></li> <li><a href="#">□ People Management</a></li> </ul> <p><a href="#">Week 2 - Wide Format &amp; agXsell</a></p> <ul style="list-style-type: none"> <li>• <a href="#">Wide Format Core Product Discovery and Job Analysis</a></li> <li>• <del>Production</del></li> </ul>	<del>20-24</del> <a href="#">80</a>	N/A	<del>Our training</del> <a href="#">Training</a> facility at our headquarters <sup>2</sup> <a href="#">Certain staff members of new Centers are required to complete portions of IOT based on job role. See Note 2.</a>

Subject <sup>1</sup>	Hours of Classroom Training <sup>1,2</sup>	Hours of On-the-Job Training <sup>1,2</sup>	Location
<del>+</del> Finishing <del>+</del> and Installation <ul style="list-style-type: none"> <li>agXsell - Sales Talent Recruitment, Training, Management, Retention</li> <li>agXsell Sales Process</li> </ul>			
OpX Bootcamp <ul style="list-style-type: none"> <li>Quality Management</li> <li>Color Management</li> <li>Work Flow Management</li> <li>Digital Cut Sheet Production</li> </ul> Wide Format Production	16	N/A	Our training facility at our headquarters
<u>New Center In-center In-center Training - Extended Sales, Wide Format &amp; Operations</u>	<u>N/A</u>	<u>80-120</u>	<u>In-Center</u>
<u>Acquire/Convert, Transfer, Conversion In-center In-center training - Sales and Operations</u>	<u>N/A</u>	<u>16-40</u>	<u>In Center</u>
<del>PrintSmith Vision Certification</del> <ul style="list-style-type: none"> <li><del>Financial KPIs</del></li> <li><del>PrintSmith Vision Setup and Admin. Functions</del></li> <li><del>Costing</del></li> <li><del>Entering Cost Definitions</del></li> <li><del>Reporting</del></li> </ul>	<del>3-6</del>	<del>4-8</del>	<del>Virtual</del>
Generating More Leads Performance Group	3-6	4-8	Virtual
Improving Your Lead Conversion Performance Group	3-6	4-8	Virtual
Improving Your Customer Retention	3-6	4-8	Virtual
Growing Your Existing Accounts	3-6	4-8	Virtual
<u>PrintSmith Vision Performance Group</u>	<u>3-6</u>	<u>4-8</u>	<u>Virtual</u>
<del>Total Training Time</del>	<del>91-110</del>	<del>40-60</del>	<del>Varies</del>

### Explanatory Notes:

- The hours provided above are approximate and are subject to change. We may modify the curricula and/or course content at our discretion. We reserve the right to conduct all or part of any training programs via teleconference, video conference, or through other remote/virtual means.

2. Clain Udy, our Vice President of Learning and Development, coordinates all aspects of the ~~new franchisee training~~Initial Owner Training programs. Mr. Udy has ~~28~~Udy has 29 years of experience (~~89~~ years with AlphaGraphics®) in ~~developing and managing AlphaGraphics' training infrastructure, development, and building new hire/development/leadership certification programs~~. Training courses are facilitated by the Learning and Development team as well as subject matter experts at AlphaGraphics®. Such experts include: Ryan Scott, who is our Print Operations Trainer and has ~~11~~13 years of extensive print experience and who joined AlphaGraphics® in 2022; Mark Welsh, who has ~~43~~44 years of digital print industry experience (including the last ~~16~~17 years at AlphaGraphics®), including expertise in operations, MIS, management, sales and training; Kelly DuPree, who has ~~23~~24 years of print industry experience (including the last ~~14~~15 years at AlphaGraphics®), including expertise in sales, sales management, sales training, sales coaching, and agOnline management; Craig Nolan, who has ~~38~~39 years of print and signs industry experience (including ~~26~~27 years previously at AlphaGraphics®), including expertise in operations, MIS, management, sales and training; ~~Cliff Hollingsworth, who joined AlphaGraphics® in 2018, has over 46 years of print and sign experience, including 40 years in the commercial print industry and 9 years in the quick print segment, including expertise in web to print strategies and managing sales teams to success;~~ David Urton, who has ~~34~~35 years of print and sign experience, including owning an independent web to print business for over ~~8~~9 years (including approximately the last ~~5~~6 years at AlphaGraphics®). We can change the training personnel as necessary. We anticipate that training personnel will have at least one year of experience in the area for which they provide training.

You or the Managing Owner, who has successfully completed the initial training program, as determined at our discretion, must work full-time in your AlphaGraphics® Business Center. (See Item 15.) If, at any time, you or the Managing Owner is replaced with another, we must approve the replacement and this individual must successfully complete the ~~new franchisee training~~Initial Owner Training programs as determined at our discretion. Replacement training will be at your expense, including travel, hotel, and incidentals. (Franchise Agreement – Section 5) If you or the Managing Owner fails to successfully complete the initial training, you will not be eligible for royalty reductions (if applicable) and will be in breach of the Franchise Agreement.

For new Centers (Acquire/Converts, Transfers and Conversions excluded), certain staff members must complete portions of the Initial Owner Training at our headquarters training facility. These positions include: Design & Production Specialist, Account Representative (inside sales), and Account Executive (outside sales). The required Initial Owner Training for certain staff members is one (1) week, which will take place within the 2-week Initial Owner Training timeframe, depending on job role.

Franchisees may request additional or refresher training or assistance of franchise personnel. We or our designees will provide additional and refresher training or assistance that is reasonably requested and when our personnel or designees are available. For additional or refresher training or assistance, you will pay our training fees as we periodically establish for the training and assistance, and you will reimburse us for the travel, lodging, and living expenses of our personnel or designees. The fees for additional and refresher training programs currently range from \$800 to \$1,500 per day. We also offer online courses and webinars in which you may choose to participate. Depending upon the type and scope of the additional or refresher training that is requested, the training may take place at your Franchised Business Center, at another business center, at our training facility, online or at another location. In addition, training programs are included in each AlphaGraphics® network conference. (See Item 6.) From time to time, we may



also offer programs relating to specific elements of the operation of AlphaGraphics® franchises, which will be offered at a per diem charge plus expenses. (See Item 6.)

## ITEM 12 TERRITORY

### Franchise Agreement

We will help you examine, among other things: the number of businesses located in your prospective Protected Area and the number of targeted businesses located in the area. We will give you our site specifications and will review and approve your submission for a suitable site.

~~The Franchise Agreement will identify a Protected Area in which you will have certain rights (as described below). The Area Development Agreement will identify one or two Development Areas in which you will have certain rights (as described below).~~ You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we or our affiliates acquire and control.

During the term of the Franchise Agreement, if you are in compliance with the Franchise Agreement and all other agreements you or your affiliates may have with us, we will not establish or operate, or franchise any entity to establish or operate, another AlphaGraphics Center at any location within the territory described in the Franchise Agreement or Area Development Agreement (“Protected Area”).

Generally, a Franchised Business Center will receive a Protected Area containing approximately ~~1,000 targeted~~4,000 total businesses ~~with 5 or more employees~~. We determine the number of businesses that are located in your Protected Area using a demographic mapping software service. The data provided by the service includes the number of businesses, number of employers and employees, and major industry groups in an area identified by the user of the service. However, your Protected Area might differ. We will identify the Protected Area’s boundaries in accordance with our standard practices. We will determine and communicate to you the Protected Area, before you sign the Franchise Agreement. If the Protected Area is not designated before you sign the Franchise Agreement, then we and you will mutually agree upon the Protected Area within a reasonable time following the signing of the Franchise Agreement.

If you acquired your Franchised Business Center through a New Business Center Pathway, we will give you our site specifications and will review and approve your submission for a suitable location within the Protected Area, including, financial projections, total investment and any other information that we reasonably request. We will approve or reject a proposed location within 30 days after we have completed our review of the proposed location.

Once we have approved an authorized location, you will operate the Franchised Business Center there. You must open your Franchised Business Center within 6 months from the date you sign the Franchise Agreement. You must conduct your business from your Franchised Business Center.

You cannot operate or relocate the Franchised Business Center anywhere else without our prior written consent. We will not unreasonably withhold our consent to a proposed relocation, provided we have received at least 90 days’ written notice prior to the closing of the Franchised Business Center at the authorized location, you have obtained a site acceptable to us within the Protected Area, and you agree to open the “new” location for the Franchised Business Center within 3 days after you close the Franchised Business Center at the “prior” franchised location and otherwise comply with any other conditions that we may require.

~~As noted in this Item 12, you will receive only a protected territory (referred to as the Protected Area in this Disclosure Document). You will not receive an exclusive territory. You may face competition from~~

~~other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we or our affiliates acquire and control, and/or which are under common ownership with us.~~ Continuation of your rights to the Protected Area does not depend on your achieving a certain sales volume, market penetration or other similar contingency. We cannot change your Protected Area during the term of the Franchise Agreement without our and your mutual written agreement.

~~Except as described below, if you and your owners are in full compliance with the Franchise Agreement and other agreements with us, we will not locate either a Company-owned (or affiliate-owned) or franchised AlphaGraphics® Business Center within the Protected Area.~~

~~You will agree to certain sales activity requirements and limitations inside and outside of your Protected Area. Specifically, except as provided in this paragraph below, you may market only to those customers located in the Protected Area, and you may not directly engage in marketing or advertising that targets areas or potential customers located outside of the Protected Area or make other representations to potential customers that would lead them to believe that you have a business location outside the Protected Area. Without our approval and in accordance with our policies, except as provided in the paragraph below, you also may not sell products or services through alternative channels of distribution, such as the Internet or catalog sales.~~

~~1. —~~

The designation of the Protected Area does not grant you the exclusive right to any particular market or customers. You may solicit customers and advertise your Franchised Business Center anywhere you choose, except that you may not establish or maintain any website without our prior written consent. Likewise, we and our affiliates, and our and their franchisees, may advertise and solicit customers for AlphaGraphics centers or other businesses as applicable, anywhere (including within your Protected Area). No party is obligated to pay compensation to any other party for soliciting customers from the other party's market or territory.

You may market and sell products and services in any territory that we have not granted to an AlphaGraphics® Business Center franchisee as a protected area on the condition that you will stop all proactive marketing activity directed into a territory once we assign the territory as a protected area. Proactive marketing includes but is not limited to joining a local chamber of commerce, attending a local trade show, and direct mailing in another AlphaGraphics territory, or any other activity marketing a specific center; it does not include marketing using the general AlphaGraphics logo or attending a regional/national trade show. Egregious or overt marketing in another AlphaGraphics territory will not be tolerated.

After ~~that~~such time as a territory has been assigned, you may continue providing products and services to and accepting referrals from existing customers in the territory. You acknowledge and agree that other AlphaGraphics® franchisees may continue providing products and services to, and accepting referrals from, customers of such franchisee who are located in your Protected Area with whom such franchisee had an established relationship prior to the date of the Franchise Agreement;.

~~2. — You may follow up on leads that originate from outside of your Protected Area, and fulfill any orders that may result from such leads, as long as you do not actively solicit leads from, or market services to, potential customers located outside of your Protected Area. You acknowledge and agree that other AlphaGraphics® franchisees may follow up on leads that originate from inside of your Protected Area, and fulfill any orders that may result from such leads, as long as the other franchisee does not actively solicit leads from, or market services to, potential customers located inside of your Protected Area;~~

3. ~~We may establish an E-commerce or similar program to obtain leads or sales over the Internet directly or indirectly from customers inside or outside of the Protected Area. We may establish a mandatory national or corporate account program inside or outside of the Protected Area. We will endeavor to direct the leads or sales to you if the customer is located inside your Protected Area and if you agree to provide good service to the customer regarding the lead or sale. We may choose not to direct such leads or sales to you if you do not have the capability to service the customer's order, you are not in compliance with your agreement(s), you have received customer service complaints, or the customer relates to an account we have designated as a national account. Subject to the forgoing, in connection with our E-commerce or similar program, (i) if we direct the leads or sales to you, you must accept, produce, manufacture and fulfill orders related to such leads or sales, regardless of whether the leads or sales originated from inside or outside of your Protected Area, and (ii) if we direct the leads or sales to us, our affiliates or other AlphaGraphics® franchisee, you acknowledge and agree that we, our affiliates, or another AlphaGraphics® franchisee (as applicable) may accept, produce, manufacture, and fulfill orders related to such leads or sales, regardless of whether those orders originated from inside of your Protected Area. Additional information regarding the National Accounts Program and E-Commerce Program that we expect to launch this year is below.~~

We retain all territorial rights not specifically granted to you. We may do the following without providing any compensation to you:

1. We (or any of our affiliates) can operate and grant to others the right to operate AlphaGraphics® Franchised Business Centers or AGStudios anywhere outside the Protected Area on any terms and conditions we choose regardless of the proximity of the business your Franchised Business Center~~;~~.
2. We (or any of our affiliates) may use and license others to use other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a retail store, at any location, including within the Protected Area, related to the operation of a business which may be the same as, similar to, or different from the business operated at your Franchised Business Center or to sell products and services (regardless of similarity to products and services sold in your Franchised Business Center)~~;~~.
3. We (or any of our affiliates) may purchase, merge with, acquire (or be acquired by), affiliate or become associated with (or remain affiliated or associated with), or engage in any transaction with ("Merger/Acquisition Activity") any businesses of any kind, whether competitive or not, wherever located, under other systems and/or other marks, which businesses may operate under such other marks or convert to or operate under the AlphaGraphics® Marks or other marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from your AlphaGraphics® Business Center, including under the AlphaGraphics® Marks, and which may be located anywhere inside or outside the Protected Area~~;~~.
4. We (or any of our affiliates) may sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet or other online sites (e.g. as described ~~above~~below in National Programs), within and outside the Protected Area, products or services the same as or different from the products and services offered from your franchised business, and which are offered and distributed under marks the same as, similar to, or different than the Marks, including as described ~~above~~;.
5. We (or any of our affiliates) have implemented or may implement ~~national or~~certain National Programs, including enterprise accounts, corporate ~~account programs~~accounts, and~~or multi-area~~.

~~marketing e-commerce~~ programs, that allow us, or others, to solicit or sell to customers anywhere, and impose mandatory policies to coordinate such ~~national or corporate account programs and/or multi-area marketing programs~~ National Programs. Additional information regarding ~~the National Accounts Program that we expect to launch this year~~ Programs is below; and.

6. We (or any of our affiliates) may advertise the System on the Internet or other online sites (or any other existing or future form of electronic commerce), and create, operate, maintain and modify, or discontinue the use of a website using the Marks. We exclusively reserve the Internet or other online sites, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or through other online sites, or otherwise conduct E-commerce, unless you have received our prior written permission or unless such activities are expressly authorized by the Operations Manual. ~~Additional information regarding our current E-Commerce Program is below.~~
7. We (or any of our affiliates) may provide, or license others to provide, personalized on-site management of Visual Communications Services and other related services to a Customer at a facility (a "Facility") located at the Customer's premises, whether such Facility is located within or outside the Protected Area and regardless of the proximity of such Facility to your Franchised Business Center or Protected Area.

\* \* \* \*

Other business concepts owned now or in the future by us or our affiliates using other trademarks may be established in proximity to the AlphaGraphics® Business Center. We or our affiliates may operate or grant franchises for businesses under a different trademark than AlphaGraphics that may sell goods or services similar to those that you will offer. These similar goods or services could be other business products and services and may be owned or operated by franchisees of our affiliates. Our affiliates currently own and operate the PostNet and World Options brands, which brands may offer similar goods and services as AlphaGraphics Business Centers but under different trademarks.

As noted in Item 1, our ~~parent USBH acquired all of the issued and outstanding ownership interests of PostNet International Franchise Corporation ("PIFC") in April 2017. PIFC's principal business address is 143 Union Boulevard, Suite 600, Lakewood, Colorado 80228. PIFC owns and operates~~ affiliate, PIFC, offers franchises for PostNet centers throughout the United States, its territories, and other countries, and our affiliate, WO US, offers franchises for World Options businesses throughout the United States. PostNet® centers ~~which~~ offer a broad array of services including shipping, packaging, graphic design, marketing services, document and mailing services, and other related business services. ~~PIFC offers franchises for PostNet® centers throughout the United States, its territories, and other countries. PIFC may have or franchise businesses that are physically located within your Protected Area or that solicit or accept orders within your Protected Area. World Options businesses offer domestic and international freight, shipping, and other transportation services. PIFC's principal business address is 143 Union Boulevard, Suite 600, Lakewood, Colorado 80228. WO US's principal business address is 143 Union Blvd., Suite 625, Lakewood, Colorado 80228. We share some office space with PIFC and WO US, and we and, PIFC, and WO US use some shared spaces for training and other services, but we, PIFC, and PIFC WO US currently maintain separate rooms containing equipment utilized for AlphaGraphics® business centers and PIFC, PostNet franchised~~ locations businesses, and World Options franchised businesses. There is no assurance that we will continue to maintain physically separate equipment/demo rooms in the future.

~~Our~~

PostNet or World Options may offer products and services that are similar to and competitive with those

AlphaGraphics, Inc.

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offered by AlphaGraphics Business Centers. PIFC or WO US may have or franchise businesses that are physically located within your Protected Area or that solicit or accept orders within your Protected Area.

We and our affiliates, and our and their franchisees, may advertise and solicit customers for PostNet® ~~centers~~ Centers, AlphaGraphics businesses, or World Options businesses, as applicable, anywhere (including within your Protected Area). No party is obligated to pay compensation to any other party for soliciting customers from the other party's market or territory.

We do not expect that there will be material conflicts between AlphaGraphics® Business Centers and operators or franchisees of PIFC or WO US regarding territory, customers, or franchisor support. Although we do not anticipate any conflicts, if any disputes arise, we plan to address them on a case-by-case basis.

Except for PIFC and WO US, neither we nor our affiliates have any present plans to establish other related franchises or company-owned businesses selling the same or similar products or services under a different name or trademark in the United States, although we and our affiliates each reserve the right to do so.

~~We or our affiliates may operate or grant franchises for businesses under a different trademark than AlphaGraphics® that will sell goods or services similar to those that you will offer. These similar goods or services could be other business products and services and may be owned or operated by franchisees or our affiliates. As discussed above, our affiliate currently owns and operates the PostNet® brand which offers similar goods and services as AlphaGraphics® Business Centers, but under different trademarks.~~

#### National ~~Aceounts Program~~Programs

We have established or intend to soon establish ~~and begin administering this year~~ ascertain National ~~Aceounts Program~~ Programs, including enterprise accounts, corporate accounts, and e-commerce programs. At present, these are currently intended to be optional programs for franchisees, but we reserve the right to introduce mandatory National Programs. "National ~~Aceount~~Program Customer" means a customer, a group of customers, or an entity acting on behalf of a customer group with offices, franchises, stores, locations, or that may be conducting business across multiple geographic areas (which may be inside or outside your Protected Area) and for which we have arranged, or will arrange, to provide products or services on a national or regional basis. National ~~Aceount~~Program Customers may include individuals, corporations, non-profit organizations, federal, state, and local government entities and organizations and any other persons or entities that may have a need or desire to purchase the products or services directly from us inside or outside of your Protected Area. ~~Upon~~As National Programs launch ~~of the program,~~ we will have the sole and exclusive right to supply (in whole or in part) or designate any other entity (including you, our affiliates, or other franchisees) to supply products or services to National ~~Aceount~~Program Customers, whether the products or services are delivered to a location inside or outside of your Protected Area. We may, but will not be required to, request that you provide products or services to a National ~~Aceount~~Program Customer within your Protected Area in exchange for a payment to be made by us to you in an amount to be determined by us at the time of our request. ~~We may require you to enter into our then current form of National Account Participation Agreement for you to~~ To be eligible to service National ~~Aceount~~Program Customers. ~~Upon launch of the program, if, you must become e-commerce certified by us and execute the then-current form of any e-commerce addendum or participation agreement we require. Our current E-Commerce Addendum is attached at Exhibit L. If~~ you do not timely accept our request to provide products or services to a National ~~Aceount~~Program Customer or you otherwise are not in full compliance with any requirements of the National ~~Aceounts Program~~Programs or applicable agreements, we may, through ourselves, an affiliate, or a subcontractor (including another franchisee), provide the products or services to the National ~~Aceount~~Program Customer, including within your Protected Area. Our policies and procedures



with respect to the provision of products and services to National ~~Aceount~~[Program](#) Customers may change from time to time, as will be detailed in the National ~~Aceount~~ Program's written procedures and terms and conditions. We, our affiliates, or other franchisees may discuss with any of your customers or prospective customers the possibility of becoming a National ~~Aceount~~[Program](#) Customer. We, our affiliates, or other franchisees can use information from any source, including you, in these discussions.

~~At present, we envision franchisee participation in the anticipated National Accounts Program will be optional. We reserve the right to introduce a mandatory national or corporate accounts program on reasonable notice in the future, which may require you to offer certain services to customers we refer to you. Alternatively, following its launch, we reserve the right to discontinue the [any](#) National Accounts Program or any similar program at any time at our sole option.~~

### E-Commerce Program

~~We intend to establish and begin administering this year an E-Commerce Program to solicit and fulfill customer orders received over the Internet. We will have the sole and exclusive right to supply (in whole or in part) or designate any other entity (including you, our affiliates, or other franchisees) to supply products or services to E-Commerce customers, whether the products or services are delivered to a location inside or outside of your Protected Area. Upon launch of the program, if you meet the then current requirements for the E-Commerce Program, we may, but will not be required to, request you to provide products or services to E-Commerce customers within your Protected Area. To be eligible to service E-Commerce customers, we may require you to execute our then current form of E-Commerce Opt In Addendum or other similar agreement. In exchange for your completed provision of ordered products or services to an E-Commerce customer, we will pay you a service fee. Upon launch of the program, if you do not timely accept our request to provide products or services to an E-Commerce customer or you otherwise are not in full compliance with any requirements of the E-Commerce Program or applicable agreements, we may, through ourselves, an affiliate, or a subcontractor (including another franchisee) provide the products or services to the E-Commerce customer, including within your Protected Area. Our policies and procedures with respect to the provision of products and services to E-Commerce customers may change from time to time, as will be detailed in the E-Commerce Program's written terms and conditions. We, our affiliates, or other franchisees may discuss with any of your customers or prospective customers the possibility of becoming an E-Commerce customer. We, our affiliates, or other franchisees can use information from any source, including you, in these discussions.~~

~~At present, we envision franchisee participation in the anticipated E-Commerce Program will be optional. We reserve the right to introduce a mandatory e-commerce or similar program on reasonable notice in the future, which may require you to offer certain services to customers we refer to you. Alternatively, following its launch, we reserve the right to discontinue the E-Commerce Program or any similar program at any time at our sole option.~~

### Area Development Agreement

Under an Area Development Agreement, you are assigned one or two geographic areas (the "Development Area(s)") within which you secure the ability to sign a Franchise Agreement and develop one Franchised Business Center in each Development Area under a prescribed Development Schedule. The size of a Development Area may range from a portion of a city or an unincorporated area to a single or multi-county or single state area and will be described in the Area Development Agreement by reference to a description, an area marked on a map, streets or highways, political jurisdiction boundaries, by an area encompassed within a radius of a specific distance (or a range of distances) or of a distance sufficient to encompass a specified population (or range of populations) or by such other method of delineation as we may prescribe.

Subject to your full compliance with the Area Development Agreement and the remaining part of this



paragraph, ~~neither we nor our affiliates~~ will not establish, or authorize any other person or entity, other than you, to establish an AlphaGraphics® Business Center in the Development Area (subject to all of the reservations and limitation related to a Protected Area described above, which also apply to a Development Area) until the earlier of: (i) the expiration or termination of the Area Development Agreement; (ii) the date upon which you must sign the Franchise Agreement for that Development Area; or (iii) our modification of your development rights in the Development Area (including without limitation your exclusivity in the Development Area) following your failure to satisfy the Development Schedule in your Area Development Agreement (as further described below). At that time, the Protected Area for each Franchise Agreement in the market will remain as the only territorial protection in the market and we will have the right to franchise or open AlphaGraphics® Business Centers outside the Protected Area(s) within such market.

You must develop your Franchised Business Centers in accordance with the Development Schedule set forth in your Area Development Agreement. You will develop and operate one Franchised Business Center within each Development Area. You must execute our then-current form of Franchise Agreement for each Franchised Business. ~~We will review and approve the site(s) you propose for each Franchised Business Center to be developed in accordance with our then-current site selection guidelines. You are solely responsible for selecting, and purchasing or leasing, a site that meets our then-current site selection guidelines.~~

The territorial rights granted to you under the Area Development Agreement are not dependent upon the achievement of a certain sales volume, market penetration or other contingency except as stated in the following paragraph. Also, except as stated in the following paragraph, there are no circumstances under which the Development Area may be altered prior to the expiration or termination of the Area Development Agreement.

As a condition to exercising your development rights under your Area Development Agreement and executing a Franchise Agreement for development of each Franchised Business Center, you must satisfy the following:




1. You and your affiliates and principals must be in full compliance with all provisions of your Area Development Agreement and any other agreements (including any Franchise Agreements) between you and your affiliates and us and our affiliates. You must have at all times operated, and continue to operate, each of your existing Franchised Business Centers in accordance with our standards set forth in the Operations Manual. Additionally, you must demonstrate you are capable of operating each proposed Franchised Business Center required under the Development Schedule in accordance with our standards.
2. You and your principals must satisfy our then-current financial criteria for developers of AlphaGraphics® Business Centers as set forth in the Manuals. You must not be in default, and have not been in default during the 12 months preceding your request for financial approval, of any monetary obligations owed to us or our affiliates under any Franchise Agreement or other agreement between you or any of your affiliates and us and any of our affiliates.
3. You must have prepared or obtained, and submitted to us upon our request, in a timely manner, all information and documents requested by us in connection with the Area Development Agreement or any other agreements to be executed between you and any of your affiliates and us or any of our affiliates, and you must have taken such additional actions in connection therewith as may be requested by us.
4. Neither you nor any of your principals will have made any transfer or attempted transfer of a controlling interest in the Developer entity without our prior consent.

If you fail to comply with the Development Schedule, including failing to execute a Franchise Agreement ~~or open a Franchised Business Center~~ by the deadline set forth in the Development Schedule, or otherwise commit a material event of default under the Area Development ~~agreement~~Agreement as described in Item 17, we may, in addition to other remedies, terminate, modify or reduce the Development Area granted to you or modify or reduce the number of Franchised Business Centers you may develop within the Development Area. If you develop a Franchised Business Center outside of your Development Area, then we will modify the Development Area granted to you in your Area Development Agreement by requiring you to release a portion of your Development Area identified by us.

### ITEM 13 TRADEMARKS

You must use certain Marks in operating the Franchised Business Center.

The Marks listed in the following table have all been registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”).

Mark	Registration Number	Registration Date
ALPHAGRAPHICS	6,821,645	08/16/22
	5,415,867	03/06/18
	5,410,875	02/27/18
GET NOTICED. GET BUSINESS.	5,257,833	08/01/17
	4,738,690	05/19/15
AlphaGraphics	1,408,868	09/09/86
AlphaGraphics	1,132,841	04/08/80

We have or intend to file all required affidavits and renewal applications for the Marks listed above.

These registrations, taken as a whole, provide coverage for such services as photocopying services, hard and soft cover binding services, rapid printing, mailing, mechanical and laser typesetting, disk to disk data conversion, disk to laser typesetting, computer aided graphic design, retail store services featuring

computers and data processing equipment, and providing assistance to others in the area of integrating and improving the marketing of their goods and service.

You must follow our rules when you use the Marks. You must use the Marks as the sole identification of your Franchised Business and your Franchised Business Center, but you must identify yourself as the independent owner in the manner we direct. Except as we expressly authorize in writing, you cannot use any Mark (i) as part of your entity or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than the logos licensed to you), (iii) in performing or selling any unauthorized services or products, (iv) as part of any domain name, electronic address, online sites name, user name, search engine or online marketing, including but not limited to metatags, keywords and adWords that you maintain on the Internet, the World Wide Web, online sites or any other similar proprietary or common carrier electronic delivery systems, unless and then only to the extent that we authorize you to do so, or (v) in any other manner. You grant us an exclusive and perpetual license to use any trademarks, service marks, slogans, logos and the like related to the Franchised Business Center and its business that you create or have created during the term of the Franchise Agreement. You may use the Marks on various materials such as business cards, stationery and checks provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the Franchised Business Center is independently owned and operated by you, (iii) do not use the Marks in connection with any other Marks, trade names or service marks unless we specifically approve in writing and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. This license does not cover our Marks, our confidential information or the artwork, information, templates or lists of customers and prospective customers of the Franchised Business Center, which we own exclusively.

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

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we will have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, and we may take any action we deem appropriate. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense. Further, if it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark(s), or for your expenses of promoting a modified or substituted trademark or service mark.

We do not know of any superior prior rights or infringing uses that could materially affect a franchisee's use of our Marks in any state, except as follows:

A third party has used, and may still be using, the name "Alpha Marketing, Inc." in Toms River, New Jersey. This third party may also be conducting business as Alpha Signs and Displays. This company appears to have been organized around 1995, but may have been operating as early as 1980.

A third party may be operating a print shop business in Waynesburg, Pennsylvania under the name Alpha Graphics & Signs. This business appears to have been organized around 2000.

A third party is currently operating a print shop business in Yukon, Oklahoma under the name Alphagraffix. This business was organized around 2006. We have been unable to definitively confirm the precise date the third party commenced use of the name Alphagraffix. To the extent this third party may have priority and has been continuously using this name, it may have superior rights to use the name within its limited trading area.

A third party had been operating a print shop business in Chicago, Illinois under the name Alpha Graphics Printing. This business had offered commercial printing, typesetting and lithography. We have information which suggests that this business may have operated as early as 1978. However, we have been unable to definitively confirm the precise date the third party commenced use of the name Alpha Graphics Printing. To the extent this third party may have priority and has been continuously using this name, it may have superior rights to use the name within its limited trading area. An Illinois corporation apparently associated with Alpha Graphics Printing, Inc. was dissolved in 2001. It is unknown, however, if any entity is still operating under this name in Chicago.

A third party currently is operating a print shop business in Baltimore, Maryland under the name Alpha Graphics and has used the name Alpha Graphics in the Mount Vernon area of Baltimore since 1973. This party received a trademark registration for “Alpha Graphics” in the State of Maryland in 1982. We have agreed not to grant a franchise for a location in Baltimore, Maryland or Baltimore County, Maryland and the third party has agreed not to open or operate a place of business under the AlphaGraphics® name outside of Baltimore and Baltimore County. Under this agreement, we and our franchisees are free to solicit and service customers in the Baltimore area, regardless of the customer’s location, and the third party is free to solicit and service customers regardless of the customer’s location.

A third party located in Fargo, North Dakota may have been using the name Alpha Type/Graphics. This third party may have operated a commercial printing and typesetting company since 1979. However, there do not appear to be any current phone listings for this company, and it is unknown if they are still operating.

A third party has used, and may be still using, the name Alpha Graphics One in St. Louis Park, Minnesota; this use began in 1973. This third party offered typesetting, laser photo composition, advertising typography and desktop publishing. However, there do not appear to be any current phone listings for this company, and it is unknown if they are still operating.

A third party had been using the name Alpha Graphics in Pittsfield, New Hampshire. This party received a trade name registration for “Alpha Graphics” in the State of New Hampshire on August 3, 1977. This third party operated a typesetting business. This trade name registration has expired and it appears that this company has changed its name to Alpha Design & Composition.

A company located in Muncie, Indiana, is using the name Alpha Graphics. This company is in the photocopying and printing business and began doing business as Alpha Graphics in Muncie, Indiana in 1977.

A third party in Ontario, Canada is using the name “Alpha Graphics & Signs,” and may have operated a commercial printing company there since at least 2002.

A third party has used, ~~and may still be using~~, the name Alpha Graphics Center for screen printing and embroidery businesses in Galveston, La Marque, and Pasadena, Texas. The business appears to have been organized in 2016. [After we sent them a cease-and-desist letter in 2023, they have since rebranded as Alpha GC, Shirts & Signs.](#)

A third party may be operating the website alphagraphicsstore.com for apparel since 2012.

We intend to monitor these uses and will take action if necessary to protect our rights under federal and state law.

In addition, we are aware that the AlphaGraphics® name might be used to some degree by similar or competitive businesses in different parts of the country. Because we do not have detailed information about these uses, we do not know if there are either superior rights or infringing uses that could materially affect your using the principal Marks in any state. We are investigating these uses and will take whatever action is appropriate under the circumstances.

#### **ITEM 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchise.

We claim copyrights in the Operations Manual, our corporate website, printed advertising and promotional materials, training materials and similar items used in operating the franchise. We have not registered all of these copyrights with the United States Copyright Office.

Our Operations Manual and other materials contain our confidential information. This information includes: site selection criteria and designated areas for site locations; plans and specifications for constructing AlphaGraphics® Business Centers and AGStudios; training materials, programs and systems for franchisees and their personnel; methods, techniques, formats, specifications, standards, systems, procedures, sales and marketing techniques, computer software programs and the data they generate, our policies regarding social media usage and knowledge of and experience in developing and operating AlphaGraphics® Business Centers and AGStudios; marketing and advertising programs for AlphaGraphics® Business Centers and AGStudios; knowledge of specifications for and suppliers of certain products, materials, supplies, equipment, fixtures, furnishings and services; customer mailing lists we prepare for you and similar services we offer; and knowledge of operating results and financial performance of AlphaGraphics® Business Centers and AGStudios other than your Franchised Business Center.

You cannot use our confidential information in an unauthorized manner and must take reasonable steps to prevent its disclosure to others. However, these restrictions do not apply to information, processes or techniques that are or become generally known in the visual communications industry other than through disclosure (whether deliberate or inadvertent) by you, if you have obtained our prior written consent, which we will not unreasonably withhold, and disclosure of confidential information in judicial or administrative proceedings if you are legally compelled to disclose this information, if you use your best efforts and give us the opportunity to obtain an appropriate protective order.

There currently are no effective determinations of the United States Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, we do not actually know of any infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. We need not protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the AlphaGraphics® franchise system.

You grant us an exclusive and perpetual license to use any content, graphics, materials and the like that you create or have created in connection with your AlphaGraphics® franchise during the term of the Franchise Agreement or Area Development Agreement. This license does not cover our Marks, our confidential information or the artwork, information, templates or lists of customers and prospective customers of the Franchised Business Center, which we own exclusively. When your franchise agreement expires or terminates, you are required to stop using all customer artwork and information.

AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~2024  
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We may use such artwork and information as we see fit after termination or expiration, including providing it to another franchisee.

(See Items 8 and 11 concerning the computer hardware and software you must use and maintain.)

## **ITEM 15**

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

The Franchised Business Center must at all times be under your direct supervision or, if you are an entity, a Managing Owner who we have approved. If you are an entity, you must designate one of your owners as the “Managing Owner.” The Managing Owner must be a natural person who owns a controlling interest in your entity (at least  $\frac{1}{3}$  or  $\frac{1}{2}$  of your voting shares, depending on how many owners you have) and has the authority of a chief executive officer. If you are an individual, you are the Managing Owner. If you are a trust, the trustee must be the Managing Owner. If there is more than one owner, the owners must designate in writing one of the Owners owning a Controlling Interest in you as the Managing Owner who will supervise Franchised Business Center operations and represent you in interacting with us. The Managing Owner must complete our initial training program to our satisfaction.

You or your Managing Owner must at all times faithfully, honestly and diligently perform your obligations and continuously use best efforts to promote and enhance the Franchised Business Center. You or your Managing Owner must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments or otherwise may conflict with your obligations. At our discretion, we may (but are not required to) give you written approval to allow a manager who is not an Owner and who has successfully completed our initial training program or our training program for managers (the “Certified Manager”) to manage the Franchised Business Center as described in this paragraph.

You or your Managing Owner (or your Certified Manager, if applicable) must either (1) at all times actively manage the Franchised Business Center and personally supervise the Franchised Business Center’s day-to-day operations, in which case you will employ a sales person to spend a minimum of forty (40) hours per week on outside sales call (i.e. direct face-to-face selling) to new and existing customers of the Franchised Business Center or (2) spend a minimum of forty (40) hours per week on outside sales calls to new and existing customers of the Franchised Business Center, in which case you must have a production manager that we approve in writing actively manage operations at of the Franchised Business Center under the day-to-day supervision of you or your Managing Owner (or your Certified Manager, if applicable)

During the term of your Franchise Agreement, you may not hold an interest in (other than nominal amounts) or perform services for a business that operates or grants franchises or licenses any third parties to operate or otherwise offers products or services similar to those offered by us. You are also prohibited from engaging in any other competing business or activity that conflicts with, diverts business from, or that might injure or adversely affect the Marks or any AlphaGraphics® franchise. If you transfer your ownership in the Franchised Business Center, then you, and each of the transferring owners and their respective relatives who have been employed by the Franchised Business Center, may not compete with the Franchised Business Center for 2 years from the effective date of the transfer, except with respect to other AlphaGraphics® Business Centers owned by you.

Our Operations Manual and System Standards may establish the criteria to approve the selection of the Managing Owner and any Certified Manager, and may also specify standards related to the qualifications, training, dress and appearance of Franchised Business Center employees. Except for the Managing Owner, none of your managers nor your other employees are required to have an equity interest in the franchise business. You and any employees who have access to our confidential



information must sign non-disclosure agreements in our then current form if requested by us. You will be solely responsible for all employment and personnel matters and decisions regarding the Franchised Business Center without any influence or advice from us, including the hiring or all of your managers and employees of the Franchised Business Center.

If you are an entity, each of your owners must agree to be bound jointly and severally by all of the provisions of the Franchise Agreement and any other agreements between you and us (or our affiliates). To this end, your owners must sign our “Guaranty and Assumption of Obligations,” which is part of the Franchise Agreement as Schedule E. We will also require that the spouse or domestic partner of you or any of your owners to sign the Guaranty and Assumption of Obligations.

## ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell at the Franchised Business Center all services and products that we periodically require for AlphaGraphics® franchises. You must not discriminate in your dealings with customers (in the services or products you provide, in the access to your services and products, or by refusing to provide services and products) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin, or disability, and you must comply with our anti-discrimination standards. You may also offer other services and products that we designate as optional. You cannot offer or sell any services or products that we have not authorized. (See Item 8.) Our System Standards and Operations Manual may regulate the services and products required or authorized for the Franchised Business Center. We can change these particular Systems Standards and the Operations Manual and there are no limits on our right to do so. Our current policy, which we may shorten or change periodically, is to give you up to 90 days to comply with any modification to our System Standards or Operations Manual, and, if any modification or set of modifications requires you to spend more than \$10,000 in any 1 year, to give you 1 year to comply with the modification or modifications. (See Item 12 for territorial and customer restrictions.)

~~Upon launch of the~~In connection with National ~~Accounts program~~Programs, we ~~will~~ have the right, at our sole option, to designate certain customers as National ~~Account~~Program Customers to whom we, our affiliates, and/or participating franchisees will agree to sell products and services at specified rates. You may be required to refrain from soliciting business directly from any National ~~Account~~Program Customer. We may discuss with any of your customers or prospective customers at any time the possibility of becoming a National ~~Account~~Program Customer, and may use in such discussions information that we receive from you or any other source. ~~Upon launch of the~~To be eligible to service National ~~Accounts program, you may opt into the National Accounts program by executing our then-current form of National Account Participation Agreement.~~Program Customers, you must become e-commerce certified by us and execute the then-current form of any e-commerce addendum or participation agreement we require. Our current E-Commerce Addendum is attached at Exhibit L.

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

### THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in Franchise or Other Agreement	Summary
(a) Length of the Franchise Term <sup>1</sup>	Section 3.A <del>7</del>	10 years.
(b) Renewal or extension of the term	Section 3.B <del>7</del>	If you are in good standing, you can renew your Franchise Agreement for one renewal term of 10 years on our then-current terms.
(c) Requirements for you to renew or extend	Section 3.B <del>7</del>	Provide advance notice, comply with current Franchise Agreement, you and your manager satisfactorily complete any new/refresher training programs, sign new agreement (which may contain materially different terms and conditions than your original Franchise Agreement), remodel, pay renewal fee (which is in lieu of an Initial Franchise Fee) and sign a general release of claims. We may offer early renewal incentives from time to time, which may include a discount on any applicable renewal fee.
(d) Termination by you	Not Applicable	Our Franchise Agreement does not contain this provision. These provisions are subject to state law
(e) Termination by us without cause <sup>1</sup>	Not Applicable	Our Franchise Agreement does not contain this provision.
(f) Termination by us with cause <sup>1</sup>	Sections 16.A, 16.B	We may terminate the Franchise Agreement only if you default. We can also terminate the Franchise Agreement if you or your affiliate breach an area development agreement or another AlphaGraphics <sup>®</sup> franchise agreement for another franchise that you or your affiliate owns, and such breach (if curable) is not cured within the cure period provided in such agreement.
(g) "Cause" defined – curable defaults	Sections 16.A, 16.B	You have 30 days to cure if you fail to: open the Business when required, complete training, comply with System standards, or renew or maintain Business lease, or if you violate any material provision of the Franchise Agreement. You have 5 days to cure any monetary default (except payment of Minimum Royalties after 3 catch-up payment allowances); and 72 hours to cure violations of health, safety, cleanliness or sanitation standards or laws.
(h) "Cause" defined – non-curable defaults	Sections 16.A, 16.B	Failure on 3 or more occasions in any 12 months to comply with any provision of the Franchise Agreement, any single instance of default which by its nature is not curable, failure to open your Franchised Business Center within one year after the Franchise Agreement is signed, failure to complete training as determined in our discretion, repeatedly deceive customers, material misrepresentation or omission on franchise application; conviction of or proof that you have committed a felony or other crime which harms the Business's reputation, insolvency, an assignment of assets to creditors, business abandonment, defaults which injure the goodwill associated with the Trademarks, use of unapproved website, or other unauthorized conduct on the Internet or online sites, unauthorized transfer of agreement or interest in franchised business, failure to transfer upon death or permanent disability, intentionally understating Gross Sales, unauthorized use of Confidential Information or failure to provide us access to customer data and artwork, discrimination against customers in violations of law or our policies; intentionally falsify any business report or information provided to us, failure to pay Minimum Royalties after three catch-up payment allowances, and breach under an area development agreement or another AlphaGraphics <sup>®</sup> Franchise Agreement for a Franchised Business Center that you or your affiliates own if such breach is not cured (if curable) within the cure period provided in such other agreement.
(i) Your obligations on termination/nonrenewal <sup>2</sup>	Section 17	Pay all amounts due us, pay liquidated damages, stop using and return Operations Manual, System Standards and other materials, stop using and deliver to us all customer data and artwork, assign to us the business telephone number and telephone listing or (at our option) disconnect the telephone number, remove all signs and other materials containing any Marks, complete de-characterization of Franchised

Provision	Section in Franchise or Other Agreement	Summary
		Business Center comply with obligations under any MIS license and support agreements, cancel all fictitious or assumed name filings, cease using Confidential Information (including customer data and artwork), agree not to divert Business customers to any competing business for 2 years and redecorate the Business premises (also see o, r below)
(j) Assignment of contract by us	Section 15.A <del>7</del>	No restriction on our right to assign. Assignee must fulfill our obligations under the agreement.
(k) “Transfer” by you defined <sup>3</sup>	Section 15.B <del>7</del>	Includes transfer of Franchise Agreement, Franchised Business Center or its assets, ownership change and sale of substantially all of the Franchised Business Center assets.
(l) Our approval of transfer by you	Section 15.B <del>7</del> and 15.C <del>7</del>	We have the right to approve all transfers, but will not unreasonably withhold approval.
(m) Conditions for our approval of transfer	Section 15.C <del>7</del>	New franchisee qualifies and completes training, all amounts owed us or our affiliates are paid, and you are in good standing, new franchisee assumes existing Agreement or (at our option) signs then-current agreement, we approve material terms of transfer agreement, subordinate amounts due to you; transfer fee paid by transferee, remodel, lease assigned (if applicable), you sign non-compete agreement and general release; and sign other documents we require. (Also see (r) below.)
(n) Our right of first refusal to acquire your business	Section 15.F <del>7</del>	We can match any offer for your franchise and Franchised Business Center or an ownership interest in an owner of the Franchised Business Center.
(o) Our option to purchase your business	Section 17.B <del>7</del>	When the Franchise Agreement expires or terminates, we may purchase the assets of the Franchised Business Center at fair market value.
(p) Your death or disability	Section 15.D <del>7</del>	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 12 months.
(q) Non-competition covenants during the term of the franchise	Section 14	Not engage in any other business or activity that conflicts with your obligations to run the Franchised Business Center. No direct or indirect controlling ownership interest in, or performing of services for, any competitive business anywhere. No diverting business or customers from AlphaGraphics <sup>®</sup> , or any other activity that would harm the business or goodwill of AlphaGraphics <sup>®</sup> . Non-competition provisions are subject to state law.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 14 and 17	No direct or indirect interest in a competitive business located or operating within 5 miles of any AlphaGraphics <sup>®</sup> Business Center or the Protected Area of the Franchised Business Center for 2 years. Non-competition provisions are subject to state law.
(s) Modification of the agreement	Section 5.G <del>7</del> , 7, 10, and 19.F <del>7</del>	No modifications generally, except in writing. We may modify Operations Manual, System Standards, Marks, System and Products/services to be offered to your Business.
(t) Integration/merger clause	Section 19.M <del>7</del>	Only the terms of the Franchise Agreement (including the schedules and exhibits thereto and the System Standards and Operations Manual) are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 18, 19, Section 17 of Schedule C (License and Support Agreement)	Except for actions we bring for monies owed, injunctive or extraordinary relief, regarding the Marks or for real estate, non-binding mediation must be completed before litigation is commenced (subject to applicable law), and thereafter, all disputes will be subject to binding arbitration in the city in which our headquarters is located. (Dispute resolution provisions of the Franchise Agreement apply to the License Agreements.) These provisions are subject to state law.
(v) Choice of forum <sup>4</sup>	Sections 18.A, 18.B, 19.D <del>7</del>	You are required to submit to mandatory mediation and/or arbitration in the city where our headquarters is located. Subject to the terms of the Franchise Agreement, we may sue you, or you may sue us, in any state

Provision	Section in Franchise or Other Agreement	Summary
		or federal court in the city in which our headquarters is located. (See footnote 4 below and Exhibit H) (subject to applicable state law).
(w) Choice of law <sup>4</sup>	Section 19.E., Section 21 of Schedule C (License and Support Agreement)	Colorado law applies (subject to state law, the Federal Arbitration Act, the U.S. Trademark Act, and other federal law). (See footnote 4 below and Exhibit H).

### Area Development Agreement

Provision	Section in Area Development Agreement	Summary
(a) Length of the Franchise Term	<del>Not Applicable</del> <u>Section 3 &amp; Schedule A</u>	<del>Our Area Development Agreement does not contain this provision.</del> <u>12 months</u>
(b) Renewal or extension of the term	Not Applicable	Our Area Development Agreement does not contain this provision.
(c) Requirements for you to renew or extend	Not Applicable	Our Area Development Agreement does not contain this provision.
(d) Termination by you	Not Applicable	Our Area Development Agreement does not contain this provision. These provisions are subject to state law.
(e) Termination by us without cause <sup>1</sup>	Not Applicable	Our Area Development Agreement does not contain this provision.
(f) Termination by us with cause	Section 6	We may terminate the Area Development Agreement if you default. We can also terminate the Area Development Agreement if you or your affiliate breach an AlphaGraphics® Franchise Agreement for a franchise that you or your affiliate owns, and such breach (if curable) is not cured within the cure period provided in such Franchise Agreement, or if any Franchise Agreement between you (or any of your affiliates) and us (or any of our affiliates) is terminated.
(g) “Cause” defined – curable defaults	Section 6	You have 30 days to cure if you violate any material provision of the Area Development Agreement. You have 5 days to cure any monetary default.
(h) “Cause” defined – non-curable defaults	Section 6	Failure on 3 or more occasions in any 12 months to comply with any provision of the Area Development Agreement, any single instance of default which by its nature is not curable, file a proceeding in bankruptcy or a bankruptcy proceeding is filed against you, breach under an AlphaGraphics® Franchise Agreement for a Franchised Business Center that you or your affiliate owns if such breach is not cured (if curable) within the cure period provided in such Franchise Agreement.
(i) Your obligations on termination/nonrenewal	Section 7	Pay all amounts due us, stop using and return Operations Manual, System Standards and other materials, disconnect the telephone number, remove all signs and other materials containing any Marks, cease using Confidential Information (including customer data and artwork), comply with all other applicable provisions of any applicable Franchise Agreement, including but not limited to the non-compete provision
(j) Assignment of contract by us	Section 9.A	No restriction on our right to assign. Assignee must fulfill our obligations under the agreement.
(k) “Transfer” by you defined	Not Applicable	Our Area Development Agreement does not contain this provision.
(l) Our approval of transfer by you	Not Applicable	Our Area Development Agreement does not contain this provision.
(m) Conditions for our approval of transfer	Not Applicable	Our Area Development Agreement does not contain this provision.
(n) Our right of first refusal to acquire your business	Not Applicable	Our Area Development Agreement does not contain this provision.
(o) Our option to purchase your	Not Applicable	Our Area Development Agreement does not contain this provision.

Provision	Section in Area Development Agreement	Summary
business		
(p) Your death or disability	Section 9.C	Franchise must be assigned by estate to an approved buyer within reasonable time not exceeding 30 days from the date of death or permanent disability.
(q) Non-competition covenants during the term of the franchise	Section 8.B	Not engage in any other business or activity that conflicts with your obligations to run the Franchised Business Centers. No direct or indirect controlling ownership interest in, or performing of services for, any competitive business anywhere. No diverting business or customers from AlphaGraphics®, or any other activity that would harm the business or goodwill of AlphaGraphics®. Non-competition provisions are subject to state law.
(r) Non-competition covenants after the franchise is terminated or expires	Section 8.C	No direct or indirect interest in a competitive business located or operating within 5 miles of any AlphaGraphics® Business Center, or within the Development Area. Non-competition provisions are subject to state law.
(s) Modification of the agreement	Section 11.F	No modifications generally, except in writing. We may modify Operations Manual, System Standards, Marks, System and Products/services to be offered to your Business.
(t) Integration/merger clause	Section 11.K	Only the terms of the Area Development Agreement (including the schedules and exhibits thereto) are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Area Development Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 10	Except for actions we bring for monies owed, injunctive or extraordinary relief, regarding the Marks or for real estate, non-binding mediation must be completed before litigation is commenced (subject to applicable law), and thereafter, all disputes will be subject to binding arbitration in the city in which our principal business headquarters is located. (Dispute resolution provisions of the Franchise Agreement apply to the License Agreements.) These provisions are subject to state law.
(v) Choice of forum <sup>4</sup>	Section 11.D	You are required to submit to mandatory mediation and/or arbitration in the city where our headquarters is located. Subject to the terms of the Area Development Agreement, we may sue you, or you may sue us, in any state or federal court in the city in which our principal business headquarters is located. (See footnote 4 below and Exhibit H) (subject to applicable state law).
(w) Choice of law <sup>4</sup>	Section 11.E	Colorado law applies (subject to state law, the Federal Arbitration Act, the U.S. Trademark Act, and other federal law). (See footnote 4 below and Exhibit H)

### **Explanatory Notes:**

1. The PrintSmith License and Support Agreement (the “License and Support Agreement”) will remain in effect until terminated. It will terminate on or within 30 days of the expiration or termination of the Franchise Agreement. It will also terminate on any termination or expiration of our rights in the relevant software product. We can terminate the License and Support Agreement upon 30 days’ notice to you and if you or your officers or employees breach any provision of it or the Franchise Agreement. (See Sections 13 and 14 of the License and Support Agreement).
2. On termination of any of the License and Support Agreement, you will need to return to us the software and all data related to the software. (See Sections 5, 7 and 15 of the License and Support Agreement).
3. You may not assign or transfer the License and Support Agreement without our prior written consent.

4. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state, or to have the franchise agreement governed by the laws of a different state. See Exhibit H to this Disclosure Document for a state-specific Addendum to this Item, and state specific Rider modifying Section 19 of the Franchise Agreement and Section 11 of the Area Development Agreement.

A provision in the Franchise Agreement which terminates the franchise upon your bankruptcy may be unenforceable under Title 11, United States Code Section 101, *et. seq.*, but we will enforce it to the extent enforceable.

We recommend that you carefully review the entire Franchise Agreement with a franchise lawyer so that you understand your rights.

## **ITEM 18 PUBLIC FIGURES**

We do not use any public figure to promote 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.

### **Background**

This Item 19 provides certain historical data as provided by our franchisees. The characteristics of the franchised Business Centers included in the following tables do not differ materially from those of a franchised Business Center offered under this Disclosure Document. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

For purposes of this Item 19, "Gross Sales" has the same meaning as defined in the Franchise Agreement and means the aggregate amount of all sales of products and services, whether for cash, by check, credit card or trade or otherwise, made or provided at or in connection with the Franchised Business Center or franchised business. "Gross Sales" further includes monies derived at or away from the Franchised Business Center by a franchisee including the sale of products or services in connection with the placement or servicing by the franchisee of self-service digital operating equipment. The term "Gross Sales" does not include: (1) any federal, state, municipal or other sales, excise, service, or value added taxes that a franchisee pays or accrues; and (2) discounts allowed to customers on sales. The term "average" refers to the sum of all data points in a set, divided by the number of data points in that set. The term "median" is the numerical value separating the higher half of the sample from the lower half of the sample. As a result, in all cases when a median number is stated, approximately 50% of the Business Centers met or exceeded the stated median.

### **Table ~~19-1~~: Total Gross Sales for Our Two Most Recent Calendar Years for All U.S. Business Centers**

The table below shows the combined Gross Sales for all franchised U.S. Business Centers during our



last ~~two~~three calendar years.

Calendar Year	Total Gross Sales
2021	\$246,604,000
2022	\$307,652,000
<u>2023</u>	<u>\$315,574,000</u>

Notes to Table ~~19~~1:

1. In 2021, we had 248 franchised Business Centers in the United States on January 1, 2021, and 242 on December 31, 2021.
2. In 2022, we had 242 franchised Business Centers in the United States on January 1, 2022, and 237 on December 31, 2022.
3. 2-In ~~2022~~2023, we had ~~242~~237 franchised Business Centers in the United States on January 1, ~~2022~~2023, and ~~237~~232 on December 31, ~~2022~~2023.
4. ~~3-~~Total Gross Sales have been rounded to the nearest thousand.

**Table ~~19~~2: Annual Gross Sales for Business Centers Operating in Calendar Year ~~2022~~2023**

Table ~~19~~2 below lists the annual Gross Sales information reported for calendar year ~~2022~~2023 by our franchised Business Centers that (i) have been in operation in the United States for 1 year or more as of December 31, ~~2022~~2023—that is, Business Centers that first opened before January 1, ~~2022~~2023 and were still open as of December 31, ~~2022~~2023, and (ii) submitted all required sales reports regarding ~~2022~~2023 (“Reporting Criteria”). It excludes data from: (i) 7 Business Centers that were terminated or permanently closed during calendar year ~~2022~~2023 (of those, 0 franchised Business Centers closed in ~~2022~~2023 after being open for less than 12 months); and (ii) 2 Business Centers that opened in ~~2022~~2023 and thus was not in operation for all of the ~~2022~~2023 calendar year. As of December 31, ~~2022~~2023, we had ~~237~~232 Business Centers open and operating in the United States; of those, ~~234~~226 Business Centers met the Reporting Criteria.

Gross Sales	Calendar Year <del>2022</del> <u>2023</u>
Average Annual Gross Sales	<del>\$1,296,618</del> <u>\$1,375,854</u>
Median Annual Gross Sales	<del>\$889,276</del> <u>\$965,599</u>
Median Annual Gross Sales of Top 25%	<del>\$2,241,872</del> <u>\$2,344,397</u>
Median Annual Gross Sales of Lowest 25%	<del>\$439,276</del> <u>\$460,094</u>

Notes to Table ~~19~~2:

1. Of the ~~234~~226 Business Centers included in Table ~~19~~2, ~~77~~84 (~~33~~37%) met or exceeded the average annual Gross Sales of the Business Centers for calendar year ~~2022~~2023. The range of

annual Gross Sales for all Business Centers was ~~\$131,465~~\$119,895 (lowest) to ~~\$9,714,943~~\$9,085,732 (highest) in ~~2022~~2023.

2. The average ~~2022~~2023 annual Gross Sales for the Top 25% Business Centers was ~~\$2,789,308~~\$2,977,914. Of the ~~59~~56 Business Centers included in the Top 25%, ~~18~~17 (~~31~~30%) met or exceeded the average annual Gross Sales of the Top 25% Business Centers for calendar year ~~2022~~2023. The range of ~~2022~~2023 annual Gross Sales for the Top 25% Business Centers was ~~\$1,558,101~~\$1,647,899 (lowest) to ~~\$9,714,943~~\$9,085,732 (highest).
3. The average ~~2022~~2023 annual Gross Sales for the Lowest 25% Business Centers was ~~\$431,365~~\$442,243. Of the ~~59~~57 Business Centers included in the Lowest 25%, 30 (~~51~~53%) met or exceeded the average annual Gross Sales of the Lowest 25% Business Centers for calendar year ~~2022~~2023. The range of ~~2022~~2023 annual Gross Sales for the Lowest 25% Business Centers was ~~\$131,465~~\$119,895 (lowest) to ~~\$639,690~~\$641,935(highest).

The figures outlined in Table ~~219-2~~ above do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Business Center. Franchisees, or former franchisees, listed in this Disclosure Document may be one source of this information.

**Table ~~319-3~~: Certain Information for Business Centers for Calendar Year ~~2022~~2023**

Table ~~319-3~~ below describes certain cost and expense information as a percentage of Gross Sales for franchisees operating a U.S. Business Center during ~~2022~~2023. There are a total of ~~463~~150 Business Centers included in Table ~~319-3~~ below for Calendar Year ~~2022~~2023, which represents all Business Centers that met the Reporting Criteria (as defined above) as of December 31, ~~2022~~2023, excluding ~~74~~77 Business Centers that did not provide any/complete expense data.

Table <del>319-3</del> : Certain Information for Business Centers for Calendar Year <del>2022</del> <u>2023</u>			
Median	All ( <del>463</del> <u>150</u> Centers)	Top 25% ( <del>40</del> <u>37</u> Centers)	Lowest 25% ( <del>41</del> <u>38</u> Centers)
Gross Sales	<del>\$1,020,445</del> <u>\$1,164,747</u>	<del>\$2,856,436</del> <u>\$2,831,649</u>	<del>\$506,145</del> <u>\$597,009</u>
Gross Margin	<del>69.6%</del> <u>71.7%</u>	<del>66.4%</del> <u>69.5%</u>	<del>71.6%</del> <u>73.2%</u>
Payroll	<del>27.3%</del> <u>28.0%</u>	<del>27.8%</del> <u>31.1%</u>	<del>26.2%</del> <u>26.7%</u>
Accounting & Legal Fees	0.6%	<del>0.4%</del> <u>0.5%</u>	0.6%
Advertising & Marketing	<del>2.4%</del> <u>2.5%</u>	<del>1.3%</del> <u>1.4%</u>	<del>3.3%</del> <u>3.5%</u>
Auto Operating Expenses	0.9%	<del>0.8%</del> <u>0.7%</u>	<del>1.1%</del> <u>1.0%</u>
Building Rent	<del>7.1%</del> <u>6.7%</u>	<del>5.3%</del> <u>5.7%</u>	<del>10.8%</del> <u>10.5%</u>
Royalties	<del>5.6%</del> <u>5.7%</u>	<del>3.5%</del> <u>3.9%</u>	<del>6.2%</del> <u>7.0%</u>
Lease & Rental Exp	<del>2.8%</del> <u>2.7%</u>	<del>1.8%</del> <u>1.5%</u>	<del>4.5%</del> <u>4.2%</u>
Office Supplies	0.7%	<del>0.8%</del> <u>0.7%</u>	<del>1.1%</del> <u>0.8%</u>
Property & Liability Insurance	<del>0.5%</del> <u>0.6%</u>	0.5%	0.6%
Travel & Entertainment	<del>0.5%</del> <u>0.6%</u>	<del>0.6%</del> <u>0.8%</u>	0.4%
Utilities	1.6%	<del>1.1%</del> <u>1.3%</u>	2.0%
EBITDA %	<del>14.9%</del> <u>15.4%</u>	<del>17.6%</del> <u>16.2%</u>	<del>11.1%</del> <u>8.9%</u>
All Other Overhead / Misc. Income	<del>4.7%</del> <u>5.8%</u>	<del>4.7%</del> <u>5.0%</u>	<del>3.6%</del> <u>7.0%</u>
Misc. Stats			

Depreciation	<del>0.7%</del> <u>0.8%</u>	<del>0.7%</del> <u>2.0%</u>	<del>0.1%</del> <u>0.0%</u>
Interest	<del>0.4%</del> <u>0.6%</u>	<del>0.4%</del> <u>0.5%</u>	<del>0.7%</del> <u>0.9%</u>

Notes to Table ~~319-3~~:

1. All figures in Table ~~319-3~~ are medians. The average ~~2022~~2023 annual Gross Sales for all ~~163~~150 Business Centers included in Table ~~319-3~~ was ~~\$1,503,959~~\$1,616,381.57. Of the ~~163~~150 Business Centers included in Table ~~319-3~~, ~~52 (32%) met or exceeded the average annual Gross Sales~~51 (34%) met or exceeded the average annual Gross Sales for calendar year ~~2022~~2023. The range of ~~2022 annual Gross Sales for these 163~~2023 annual Gross Sales for these 51 Business Centers was ~~\$144,294~~\$195,103 (lowest) to ~~\$9,717,297~~\$9,089,750 (highest). The average ~~2022~~2023 annual Gross Sales for ~~the Top 25% Business Centers~~the Top 25% Business Centers was ~~\$3,358,734~~\$3,458,105.30. Of the ~~403~~37 Business Centers included in the Top 25% of the Business Centers included in Table ~~319-3~~, ~~11 (28%) met or exceeded the average annual Gross Sales~~12 (32%) met or exceeded the average annual Gross Sales of ~~the Top 25% Business Centers~~the Top 25% Business Centers for calendar year ~~2022~~2023. The range of ~~2022~~2023 annual Gross Sales for the Top 25% Business Centers was ~~\$1,859,700~~\$2,041,822 (lowest) to ~~\$9,717,297~~\$9,089,750 (highest). The average ~~2022~~2023 annual Gross Sales for the Lowest 25% Business Centers was ~~\$503,440~~\$554,064.13. Of the ~~41~~38 Business Centers included in the Lowest 25% of the Business Centers included in Table ~~319-3~~, ~~22 (54%) met or exceeded the average annual Gross Sales of the Lowest 25% Business Centers for calendar year 2022~~22 (58%) met or exceeded the average annual Gross Sales of the Lowest 25% Business Centers for calendar year 2023. The range of ~~2022~~2023 annual Gross Sales for the Lowest 25% Business Centers was ~~\$144,294~~\$195,103 (lowest) to ~~\$704,836~~\$766,494 (highest).
2. “Gross Margin” is defined as Gross Sales less cost of goods sold. Cost of goods sold includes material costs, equipment costs, and vendor services (out-sourced tasks) but does not include Labor or Rent. In the table, Gross Margin is expressed as a percentage of Gross Sales.
3. The average ~~2022~~2023 annual Gross Margin for all ~~163~~150 Business Centers included in Table ~~319-3~~ was ~~69.271%~~69.271%. Of the ~~163~~150 Business Centers included in Table ~~319-3~~, ~~86~~81 (~~53~~54%) met or exceeded the average annual Gross Margin for calendar year ~~2022~~2023. The average ~~2022~~2023 annual Gross Margin for the Top 25% Business Centers was ~~65.669%~~65.669%. Of the ~~403~~37 Business Centers included in the Top 25% of the Business Centers included in Table ~~319-3~~, ~~23 (58%) met or exceeded the average annual Gross Margin for calendar year 2022~~23 (58%) met or exceeded the average annual Gross Margin for calendar year 2023. The average ~~2022~~2023 annual Gross Margin for the Lowest 25% Business Centers was ~~71.473%~~71.473%. Of the ~~41~~38 Business Centers included in the Lowest 25% of the Business Centers included in Table ~~319-3~~, ~~21 (51%) met or exceeded the average annual Gross Margin for calendar year 2022~~21 (51%) met or exceeded the average annual Gross Margin for calendar year 2023.
4. “Payroll” is defined as the total of direct labor (labor directly employed in the production of product, including benefits) and indirect labor (labor not employed in the production of product, such as administrative or sales personnel), including payroll taxes and group medical, for the U.S. Business Center. In the table, Payroll is expressed as a percentage of Gross Sales. In many cases, it may also include owner’s salary.
5. “Advertising and Marketing” is defined as the total advertising, promotion, ~~AIM~~Brand Fund fees, and all other advertising and marketing expenses. In the table, Advertising and Marketing is expressed as a percentage of Gross Sales.
6. “Building Rent” is defined as the rent paid to the landlord of the premises where the U.S.

Business Center is located and any property taxes paid on the building. In the table, Building Rent is expressed as a percentage of Gross Sales.

7. "Royalties" is defined as the gross royalties paid to AlphaGraphics, Inc. and does not take into account Universal Service Credits that some franchisees currently receive (taken into account in other overhead expenses) which can be used as a credit against Royalties owed. In the table, Royalties is expressed as a percentage of Gross Sales.
8. "Property & Liability Insurance" is defined as the total property and liability insurance. In the table, property and liability insurance is expressed as a percentage of Gross Sales.
9. "Utilities" is defined as the total telephone, internet, gas, and electric expense. In the table, Utilities is expressed as a percentage of Gross Sales.
10. "All Other Overhead" is defined as the miscellaneous costs and income that includes Managed Service Fees, Universal Services Credits, freight income and freight expenses, other income and other expenses, and other administrative expenses (includes bad debt, banking fees, charitable contributions, credit card fees, dues & subscriptions, shipping, property taxes, licenses and fees, etc.).
11. "EBITDA" is defined as the earnings before interest, taxes, depreciation, and amortization. In many cases it does not include owner's salary. EBITDA is expressed as a percentage of Gross Sales.
12. The average ~~2022~~2023 annual EBITDA for all ~~463~~150 Business Centers included in Table ~~319-3~~ was ~~14.6~~14%. Of the ~~463~~150 Business Centers included in Table ~~319-3~~, ~~84~~131 (~~5287~~%) met or exceeded the average annual EBITDA for calendar year ~~2022~~2023. The average ~~2022~~2023 annual EBITDA for the Top 25% Business Centers was ~~18.3~~17%. Of the ~~4037~~ Business Centers included in the Top 25% of the Business Centers included in Table ~~319-3~~, ~~2036~~ (~~5097~~%) met or exceeded the average annual EBITDA for calendar year ~~2022~~2023. The average ~~2022~~2023 annual EBITDA for the Lowest 25% Business Centers was ~~7.5~~9%. Of the ~~4138~~ Business Centers included in the Lowest 25% of the Business Centers included in Table ~~319-3~~, ~~2630~~ (~~6379~~%) met or exceeded the average annual EBITDA for calendar year ~~2022~~2023.
13. This section includes the median percentage of Gross Sales attributed to certain specific services provided at Business Centers.

The information presented in Item 19 is based on sales and cost information reported to us by our franchisees.

#### Assumptions:

The above figures exclude finance charges and depreciation. Interest expense, interest income, depreciation, amortization and other income or expenses will vary substantially from U.S. Business Center to U.S. Business Center, depending on the amount and kind of financing obtained to establish the Business Center.

The financial performance figures included in this Item 19 do not reflect all the costs or expenses that must be deducted from the gross sales figures to obtain net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your U.S. Business Center. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of information.

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

Other than the preceding financial performance representation, AlphaGraphics® does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Alexandra Williams, General Counsel of AlphaGraphics, Inc., 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228, (800) 955-6246, the FTC, and the appropriate state regulatory agencies.

## ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**Table 1**  
**Systemwide United States Outlet Summary**  
For the calendar years ended December 31, ~~2020~~, 2021, 2022, and ~~2022~~2023

Outlet Type	Year	Outlets Start of Year	Outlets End of Year	Net Change
Franchised	<del>2020</del>	<del>250</del>	<del>248</del>	<del>-2</del>
	2021	248	242	-6
	2022	242	237	-5
	<u>2023</u>	<u>237</u>	<u>232</u>	<u>-5</u>
Company-Owned	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	0	0
	2022	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Outlets	<del>2020</del>	<del>250</del>	<del>248</del>	<del>-2</del>
	2021	248	242	-6
	2022	242	237	-5
	<u>2023</u>	<u>237</u>	<u>232</u>	<u>-5</u>

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
For the calendar years ended December 31, ~~2020~~, 2021, 2022, and ~~2022~~2023

State	Year	Number of Transfers
<del>CA</del>	<del>2020</del>	<del>0</del>
<u>CA</u>	2021	1
	2022	1
	<u>2023</u>	<u>5</u>
<del>CO</del>	<del>2020</del>	<del>0</del>
<u>CO</u>	2021	2
	2022	2
	<u>2023</u>	<u>0</u>
<del>GA</del>	<del>2020</del>	<del>1</del>
	<del>2021</del>	<del>0</del>
	<del>2022</del>	<del>0</del>

State	Year	Number of Transfers
<del>IL</del>	<del>2020</del>	<del>0</del>
<u>IL</u>	2021	2
	2022	0
	<u>2023</u>	<u>2</u>
IN	<del>2020</del> <u>2021</u>	0
	<u>2022</u>	<u>1</u>
	<u>2023</u>	<u>0</u>
<u>MA</u>	2021	0
	2022	<del>4</del> 0
	<u>2023</u>	<u>1</u>
<del>NJ</del>	<del>2020</del>	<del>1</del>
<u>MS</u>	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
<del>TN</del>	<del>2020</del>	<del>0</del>
<u>TN</u>	2021	0
	2022	1
	<u>2023</u>	<u>2</u>
TX	<del>2020</del> <u>2021</u>	<del>1</del> <u>2</u>
	<u>2022</u>	<u>2</u>
	<u>2023</u>	<u>5</u>
<u>UT</u>	2021	<del>2</del> 0
	2022	<del>2</del> 0
	<u>2023</u>	<u>1</u>
TOTALS	<del>2020</del>	<del>3</del>
	2021	7
	2022	7
	<u>2023</u>	<u>17</u>

**Table 3**  
**Status of Franchised Outlets**  
For the calendar years ended December 31, ~~2020~~, 2021, 2022, and ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
<del>AL</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>AL</u>	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>
<del>AZ</del>	<del>2020</del>	<del>15</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>15</del>



State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
<u>AZ</u>	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	0	15
	<u>2023</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>14</u>
<del>CA</del>	<del>2020</del>	<del>21</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>21</del>
<u>CA</u>	2021	21	0	1	0	0	2	18
	2022	18	0	0	0	0	0	18
	<u>2023</u>	<u>18</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>16</u>
<del>CO</del>	<del>2020</del>	<del>8</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>8</del>
<u>CO</u>	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	<u>2023</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<del>CT</del>	<del>2020</del>	<del>4</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>5</del>
<u>CT</u>	2021	5	0	0	0	0	1	4
	2022	4	0	1	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>
<del>DC</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>DC</u>	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>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<del>DE</del>	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>DE</u>	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	<u>2023</u>	<u>2</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<del>FL</del>	<del>2020</del>	<del>8</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>9</del>
<u>FL</u>	2021	9	0	0	0	0	0	9
	2022	9	0	1	0	0	0	8
	<u>2023</u>	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>8</u>
<del>GA</del>	<del>2020</del>	<del>15</del>	<del>1</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>13</del>
<u>GA</u>	2021	13	1	0	0	0	0	14
	2022	14	0	0	0	0	0	14
	<u>2023</u>	<u>14</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13</u>
<del>IA</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>IA</u>	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>
<del>ID</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>
<u>ID</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
	<u>2023</u>	<u>3</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4</u>
<del>IL</del>	<del>2020</del>	<del>20</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>20</del>
<u>IL</u>	2021	20	0	0	0	0	3	17
	2022	17	0	2	0	0	0	15
	<u>2023</u>	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
<del>IN</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>
<u>IN</u>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
<del>KS</del>	<del>2020</del>	<del>13</del>	<del>10</del>	<del>1</del>	0	0	0	2
<u>KS</u>	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>1</u>	<u>1</u>
<del>MA</del>	<del>2020</del>	<del>9</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>9</del>
<u>MA</u>	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>
<del>MD</del>	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>MD</u>	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>
<del>MI</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>MI</u>	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>
<del>MN</del>	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>MN</u>	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
<del>MO</del>	<del>2020</del>	3	0	0	0	0	0	3
<u>MO</u>	2021	3	1	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	<u>2023</u>	<u>4</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
<del>MS</del>	<del>2020</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
<u>MS</u>	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>
<del>MT</del>	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<u>MT</u>	2021	2	0	0	0	0	1	1

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
	2022	1	0	0	0	0	0	1
	<u>2023</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
NC	<del>2020</del>	<del>10</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>10</del>
NC	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	0	11
	<u>2023</u>	<u>11</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11</u>
NE	<del>2020</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
NE	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NH	<del>2020</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
NH	2021	3	0	0	0	0	0	3
	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>
NJ	<del>2020</del>	<del>10</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>9</del>
NJ	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>
NV	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
NV	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
NY	<del>2020</del> <u>2023</u>	2	0	0	0	0	0	2
NY	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>
OH	<del>2020</del>	<del>6</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
OH	2021	6	0	0	1	0	0	5
	2022	5	0	0	0	0	0	5
	<u>2023</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
OK	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
OK	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
OR	<del>2020</del> <u>2023</u>	1	0	0	0	0	<del>0</del> <u>1</u>	<del>10</del> <u>1</u>
OR	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>
PA	<del>2020</del>	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>

State	Year	Outlets at Start of Year	Outlets Opened	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
PA	2021	3	1	0	0	0	0	4
	2022	4	0	0	1	0	0	3
	2023	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
RI	2020	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
RI	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
SC	2020	1	<del>10</del>	0	0	0	0	<del>21</del>
SC	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	<u>3</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
SD	2020	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>1</del>
SD	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
TN	2020	<del>5</del>	<del>1</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
TN	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
TX	2020	<del>48</del>	<del>2</del>	<del>4</del>	<del>0</del>	<del>0</del>	<del>1</del>	<del>45</del>
TX	2021	45	3	0	0	0	1	47
	2022	47	1	2	0	0	0	46
	2023	<u>46</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>47</u>
UT	2020	<del>15</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>15</del>
UT	2021	15	0	0	0	0	0	15
	2022	<u>15</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>15</u>
	2023	15	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	15
VA	2020	<del>6</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>6</del>
VA	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6</u>
WA	2020	<del>7</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>7</del>
WA	2021	7	0	0	0	0	5	2
	2022	2	0	0	0	0	0	2
	2023	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
WI	2020	<del>3</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>3</del>
WI	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	<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	Termination s	Non-Rene wals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year
<del>WY</del>	<del>2020</del>	<del>2</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>2</del>
<del>WY</del>	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>
<del>Totals</del>	<del>2020</del>	<del>250</del>	<del>8</del>	<del>8</del>	<del>1</del>	<del>0</del>	<del>1</del>	<del>248</del>
<del>Totals</del>	2021	248	9	1	1	0	13	242
	2022	242	2	6	1	0	0	237
	<u>2023</u>	<u>237</u>	<u>5</u>	<u>6</u>	<u>1</u>	<u>0</u>	<u>3</u>	<u>232</u>

1. All numbers are as of December 31 for the calendar year end.
2. The numbers in the "Total" column may exceed the number of outlets affected because several events may have affected the same outlet; for example, the same outlet may have had multiple owners.

**Table 4**  
**Status of Company-Owned Outlets**  
For the calendar years ended December 31, ~~2020~~, 2021, 2022, and ~~2022~~2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlet s Closed	Outlets Sold to Franchisee s	Outlets at End of Year
All States	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<del>2020</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>	<del>0</del>
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	<u>2023</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

From April 2019 to May 2022, our affiliate, AGI Direct, owned a majority interest franchisee Wet Ink Corporation. Outlets owned by franchisee Wet Ink are listed as franchised outlets in Item 20.

**Table 5**  
**Projected Openings as of December 31, ~~2022~~2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Alabama	1	1	0
<del>Arizona</del>	<del>1</del>	<del>1</del>	<del>0</del>
California	0	1	0

Colorado	0	1	0
<del>Connecticut</del>	<del>0</del>	<del>0</del>	<del>0</del>
<del>Delaware</del>	<del>1</del>	<del>0</del>	<del>0</del>
Florida	<del>0</del> <u>3</u>	1	0
Georgia	0	1	0
Illinois	0	<del>0</del> <u>1</u>	0
<del>Kansas</del>	<del>0</del>	<del>1</del>	<del>0</del>
<del>Kentucky</del>	<del>0</del>	<del>0</del>	<del>0</del>
Massachusetts	<del>1</del> <u>0</u>	1	0
<del>Michigan</del>	<del>0</del>	<del>1</del>	<del>0</del>
Minnesota	0	<del>0</del> <u>1</u>	0
New Hampshire	1	0	0
New Jersey	0	0	0
New York	0	1	0
North Carolina	2	1	0
<del>Ohio</del>	<del>0</del>	<del>1</del>	<del>0</del>
Pennsylvania	2	1	0
<del>South Carolina</del>	<del>0</del>	<del>0</del>	<del>0</del>
Tennessee	0	1	0
Texas	<del>4</del> <u>5</u>	<del>2</del> <u>1</u>	0
Utah	0	0	0
Virginia	1	1	0
<del>Washington</del>	<del>0</del>	<del>0</del>	<del>0</del>
<del>Wisconsin</del>	<del>0</del>	<del>1</del>	<del>0</del>
<b>TOTALS</b>	<del>14</del> <u>15</u>	<del>18</del> <u>14</u>	<b>0</b>

#### Current and Former Franchisees.

Please see Exhibit C for a list of the names of all AlphaGraphics® Business Center franchisees and area developers and the addresses and telephone number of each of their Franchised Business Centers or AGStudios, as applicable.

Exhibit C-1 lists the name, city and state and current business telephone number, or the last known home telephone number of franchisees who have had outlets terminated, canceled or not renewed or who otherwise have voluntarily or involuntarily ceased to do business under our Franchise Agreement, or who have not communicated with us within 10 weeks of the ~~application~~issuance date of this Disclosure Document. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.** Your contact information may also be disclosed to other buyers while you are a current AlphaGraphics® franchisee.

In some instances, current and former franchisees have signed provisions, including having signed such provisions during our last 3 fiscal years and last calendar year, restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.



## Franchisee Associations.

We endorse and sponsor one advisory council, the Network Leadership Council (“NLC”), which franchisees can reach by contacting their assigned NLC member directly. The NLC provides us with ongoing policy and support program feedback and guidance, periodic updates of network strategy and action plans, input on marketing programs and materials, and review certain advertising creative work. Membership of the NLC includes elected and appointed franchisees and master licensees as well as our representatives. The NLC serves in an advisory capacity only; however, we expect it to influence many major decisions. We can change or dissolve the NLC whenever we choose.

## **ITEM 21 FINANCIAL STATEMENTS**

Exhibit D to this Disclosure Document contains our audited financial statements as of December 31, ~~2022~~2023 and ~~2021~~2022, and for the years ending December 31, ~~2022~~2023, ~~2021~~2022, and ~~2020~~2021, together with the independent auditors’ report. In addition, we have included unaudited financial statements for the period beginning January 1, ~~2023~~2024 through March 31, ~~2023~~2024. ~~We adopted the provisions of Financial Accounting Standards Board’s Accounting Standards Codification 606, Revenue from Contracts with Customers (“ASC 606”) on January 1, 2019, using the modified retrospective method to apply it.~~ Our fiscal year end is December 31<sup>st</sup>.

## **ITEM 22 CONTRACTS**

The following agreements are exhibits to this Disclosure Document:

- (a) Area Development Agreement
- (b) Franchise Agreement (with Schedules A-I)
- (c) Electronic Authorization of Funds – Exhibit G
- (d) State Specific Addenda and Agreement Riders – Exhibit H
- (e) Acquire and Convert/Conversion Rider – Exhibit I
- (f) Transfer Rider – Exhibit J
- (g) General Release Form – Exhibit K
- (h) E-Commerce Addendum Form – Exhibit L

## **ITEM 23 RECEIPTS**

Attached as the last two pages of this Disclosure Document are duplicate Receipts to be signed by you. Keep one for your records and return the other one to us.

**EXHIBIT A**  
**AREA DEVELOPMENT AGREEMENT**



~~ALPHAGRAPHS~~ ALPHA GRAPHICS, INC.

## Area Development Agreement

ALPHAGRAPHS, INC.

AREA DEVELOPMENT AGREEMENT | ~~2023~~ 2024

~~89377174.1~~

94779068.1

## SUMMARY PAGE

This Area Development Agreement (this “Agreement”) is made and entered into by and between AlphaGraphics, Inc. (“Company,” “we,” or “us”) and Developer (“Developer” or “you”) identified below. This Summary Page summarizes certain provisions of this Agreement to which it is attached. In the event of any conflict between the Summary Page and this Agreement, the provisions of this Agreement will control.

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

Expiration Date: No later than the date for execution of the Franchise Agreement as described in Schedule A, provided that, if two Franchise Agreements are contemplated, then no later than the date for execution of the second Franchise Agreement as described in Schedule A.

Developer: \_\_\_\_\_

Business Entity: \_\_\_\_\_ corporation \_\_\_\_\_ partnership \_\_\_\_\_ limited liability company, formed under the laws of \_\_\_\_\_.

Development Fee: \$~~12,000~~12,500 per Development Area listed below

Initial Franchise Fee: Per our current form of Franchise Agreement at the time of signing

Development Area: Development Area I: \_\_\_\_\_, as geographically constituted as of the Effective Date; and  
Development Area II: \_\_\_\_\_, as geographically constituted as of the Effective Date

Developer: \_\_\_\_\_

Address for Notices: \_\_\_\_\_

phone: \_\_\_\_\_  
fax: \_\_\_\_\_  
email: \_\_\_\_\_

Company: \_\_\_\_\_

Address for Notices: AlphaGraphics, Inc.  
143 Union Boulevard, Suite 650  
Lakewood, Colorado 80228  
Phone: 800-955-6246  
Fax: 801-533-7959  
Email: [opportunity@alphagraphics.com](mailto:opportunity@alphagraphics.com)

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## SCHEDULES

- A – DEVELOPMENT SCHEDULE
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- C – GUARANTY AND ASSUMPTION OF OBLIGATIONS
- D – FORM OF FRANCHISE AGREEMENT

## ALPHAGRAPHERICS® AREA DEVELOPMENT AGREEMENT

### INTRODUCTION

A. We have developed a unique System for establishing and operating ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers specializing in customized print and marketing communication products and services to businesses utilizing the System and Marks.

B. The System and Franchised Business Centers are identified by the Mark ALPHAGRAPHERICS®; as well as certain other trade names, trademarks, service marks, domain names, logos, and commercial symbols, all of which may be periodically changed or modified at our sole option. We have developed and will continue to develop valuable goodwill in our Marks and may periodically develop or acquire other trademarks and service marks for use under the System, all of which may be changed or modified at our sole option.

C. We grant qualified third parties the right to develop a Franchised Business Center within one or more Development Areas in accordance with the terms of this Agreement. Each Franchised Business Center within its respective Development Area and related franchise rights are granted only pursuant to one Franchise Agreement.

D. You desire the right to identify and propose locations for Franchised Business Centers within the Development Areas and to open and operate one Franchised Business Center within each Development Area as set forth in this Agreement.

In consideration of the mutual covenants and agreements stated below, the Parties agree as follows:

### 1. DEFINITIONS

A. “~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center” means any ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center.

B. “Affiliate” means with respect to a named Person, any Person that is controlled by, controlling or under common control with the named Person.

C. “Applicable Law” means any law, statute, ordinance, rule, permit, license, certification, regulation, code, treaty, ruling, directive, decree, order, or other requirement or rule of law of any Government Authority pertaining or applicable to, arising under or in connection with the development, construction, and/or operation of a Franchised Business Center, including without limitation, all laws and regulations related to health, sanitation, and food safety, consumer privacy and data security and those governing public accommodations for persons with disabilities, or the execution, delivery and performance by either Party of this Agreement or any agreement between the Parties related hereto.

D. “Competitive Business” means any business operating, or granting franchises or licenses to others to operate, a Visual Communications Business, or otherwise offering products or services similar to those offered by ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers or that otherwise competes with ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers.

E. “Consequential Damages” means damages and injury that result from a Party’s negligent performance of or other breach of this Agreement for: (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

F. “Control” or “Controlling Interest” means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.



G. **“Customer Data”** means all client and customer lists, customer histories and all other customer-related data and information located on or retained in the databases of the MIS System.

H. **“Development Area”** means the geographic area(s) described in the Summary Page.

I. **“Development Fee”** means an initial fee in the amount set forth in the Summary Page owed to us upon Developer’s execution of this Agreement.

J. **“Development Manager”** means the individual, approved by us in writing, who will oversee the development of your Franchised Business Centers. The Development Manager must be an Owner with a Controlling Interest unless approved by us in writing.

K. **“Development Schedule”** means the schedule set forth in Schedule A.

L. **“Entity”** means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

M. **“Event of Default”** means any breach by Developer of, or any failure by Developer to comply with, any condition or obligation of this Agreement as described in Section 6.A.

N. **“Execution Conditions”** means the following conditions:

Operational Conditions: Full compliance with all provisions of this Agreement and any other agreements (including any Franchise Agreements) between Developer and its Affiliates. Developer must have opened each Franchised Business Center in a timely manner as required under the Development Schedule. Developer must have at all times operated, and continue to operate, each of Developer’s existing Business Centers in accordance with the Standards and any metric targets set forth in the Manual. Developer further must demonstrate it is capable of operating each proposed Business Center required under the Development Schedule in accordance with the Standards and a multi-unit business plan prepared by Developer and approved by Company.

Financial Conditions: Full compliance with Company’s then-current financial criteria for developers of Business Centers as set forth in the Manual, including but not limited to net worth and liquidity requirements. Developer must not be in default, and have not been in default during the 12 months preceding Developer’s request for financial approval, of any monetary obligations owed to Company or Company’s Affiliates under any Franchise Agreement or other agreement between Developer or any of its Affiliates. Developer acknowledges and agrees that it is vital to Company’s interest that each of Company’s developers is financially sound to avoid failure of one or more Business Centers and that such failure would adversely affect Company’s reputation, the goodwill associated with the Marks and the System.

Legal Conditions: Preparation, maintenance and submission to Company upon Company’s request, in a timely manner, of all information and documents requested by Company in connection with this Agreement or any other agreements to be executed between Developer or any of its Affiliates and Company or any of its Affiliates, and Developer has taken such additional actions in connection therewith as may be requested by Company from time to time.

Ownership Conditions: Neither Developer nor any of its Owners will have transferred or attempted to transfer a Controlling Interest in Developer without Company’s prior written consent.

O. **“Force Majeure Event”** means Acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, cybersecurity incident, or other civil disturbances; epidemics; pandemics; or any other cause that is beyond the reasonable control of the Party affected thereby and that materially and adversely affects the ability of

a Party hereto to perform. Financial inability of a Party hereto will not constitute a Force Majeure Event.

P. **“Franchise Agreement”** means our then-current form of franchise agreement that governs the operation of a Franchised Business Center. Our current form of Franchise Agreement is attached to this Agreement as Schedule D.

Q. **“Franchised Business Center”** means the ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center for which you are granted a Franchise to operate pursuant to a Franchise Agreement.

R. **“Initial Franchise Fee”** means an initial fee in the amount set forth in the Summary Page owed to us upon Developer’s execution of an ~~ALPHAGRAPHICS®~~ AlphaGraphics Franchise Agreement in connection with each Franchised Business Center developed hereunder, subject to application of any portion of the Development Fee pursuant to Section 4.

S. **“Losses and Expenses”** means without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including without limitation reasonable legal fees and Consequential Damages.

T. **“Marks”** means the ALPHAGRAPHICS® trademark, and the other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

U. **“MIS System”** means the management information software, applications, data storage and communications system that we designate or its successor program.

V. **“Notice”** means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to the Agreement.

W. **“Operations Manual”** means the manual identified by us as our operations manual and other handbooks, manuals and written materials for ~~ALPHAGRAPHICS®~~ AlphaGraphics Franchised Business Centers.

X. **“Owner”** means any Person who directly or indirectly owns an interest in you. If any corporation or other Entity (other than a partnership) is an Owner, an “Owner” also will mean a shareholder or owner of an interest in such corporation or other Entity. If a partnership is an Owner, “Owner” means your partners (including limited partners) and also means each general partner of such partnership and, if such general partner is an Entity, each owner of an interest in such general partner. If there are one or more individuals signing this Agreement as the Developer, each individual will be deemed an Owner.

Y. **“Party” or “Parties”** means either AlphaGraphics, Inc. or Developer individually or collectively.

Z. **“Permanently Disabled”** means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Developer or any Owner holding a Controlling Interest in Developer from performing ~~his or her~~ their obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties hereto disagree as to whether a Person is “Permanently Disabled” the determination will be made by a licensed practicing physician, selected by us, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 9.C, the Person will automatically be considered Permanently Disabled as of the date of refusal.

AA. **“Person”** means any natural person or Entity.

BB. **“Purchased Assets”** means all of the tangible and intangible assets relating to the Franchised Business Centers that are open and operating pursuant to this Agreement (excluding at our option any unsalable

inventory, cash, short-term investments, accounts receivable and assets that are not part of the standard **ALPHAGRAPHICS®AlphaGraphics** Franchised Business Center).

CC. “**System**” means the **ALPHAGRAPHICS®AlphaGraphics** system which includes operating Franchised Business Centers specialized in providing customized print and marketing communication products and services to businesses, including Visual Communications Services, under the Marks, using certain distinctive types of equipment (including the MIS System), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

DD. “**System Standards**” means the specifications, standards, operating procedures and rules we prescribe from time to time for the development and operation of **ALPHAGRAPHICS®AlphaGraphics** Business Centers.

EE. “**Term**” means the term of this Agreement pursuant to Section 3 hereof.

FF. “**Visual Communications Business**” means a business engaged primarily in providing Visual Communications Services.

GG. “**Visual Communications Services**” means the offer or sale of products or services related to graphic design, color and black and white offset and digital printing, bindery, mailing and fulfillment, multi-channel marketing communication solutions, large format signage and point of purchase, vehicle wraps, promotional products, direct mailing campaigns, packaging, business identity and brand awareness packages, customer loyalty programs, search engine marketing and optimization solutions, and social media programs, and e-commerce related to any of the foregoing.

## 2. GRANT OF DEVELOPMENT RIGHTS

A. Development Rights. Subject to the terms and conditions set forth herein, we grant you the right, and you undertake the obligation, to develop and operate one Franchised Business Center within each Development Area described in the Summary Page (the “Development Rights”); provided, however, that you sign our then-current form of Franchise Agreement, open and commence operations of each such Franchised Business Center in strict accordance with the mandatory Development Schedule attached hereto as Schedule A, and the terms and conditions set forth herein. For the avoidance of doubt, this Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System, which rights are only granted under an executed Franchise Agreement. You will not use the Marks in any way not expressly authorized by Company. During the Term, except as provided below and in any Franchise Agreement executed pursuant hereto permitting the Company and other third parties to conduct businesses and other activities in any Protected Area designated thereunder, which such business and other activities Developer agrees and acknowledges that Company and any third party may also, at their sole option, conduct in the Development Area(s), we will not operate, or license any third party the right to open or operate, any Franchised Business Center utilizing the Marks and System within the Development Area(s).

B. Development Schedule. You will exert your best efforts and take all steps necessary and consistent with this Agreement to fully develop one Franchised Business Center in each Development Area listed in this Agreement. You must execute our then-current form of Franchise Agreement for the Franchised Business Center in each of the Development Area(s) on or before the applicable date set forth in the Development Schedule and open each such Franchised Business Center by the timeframe included in that Franchise Agreement.

C. Reserved Rights. Except as provided in Section 2.A of this Agreement, the Parties agree and acknowledge that the rights granted in this Agreement are non-exclusive and that we and our Affiliates reserve all other rights not expressly granted to you herein.

### 3. TERM

Term. This Agreement commences on the Effective Date described on the Summary Page and, unless earlier terminated by us, will expire on the Expiration Date.

### 4. DEVELOPMENT FEE

A. Development Fee. You will pay us the Development Fee described in the Summary Page for the right to develop the foregoing Franchised Business within each Development Area under this Agreement, with the Parties agreeing and acknowledging that this Development Fee is: (i) not refundable under any circumstances; and (ii) payable in accordance with the schedule set forth in Section 4.B below.

B. Application of Development Fee. The Development Fee will be credited to the Initial Franchise Fee for each Franchised Business that you are granted the right to open under this Agreement, upon signing the applicable Franchise Agreement.

### 5. ~~SITE SELECTION AND FRANCHISE AGREEMENTS~~

~~A. Site Selection, Construction, and Opening. We will not approve you to begin development of any Franchised Business Center until you meet our then current requirements as described herein and in the Franchise Agreement. You are responsible for purchasing or leasing a site or sites which meet(s) our then current site selection guidelines. We must consent to each site in writing. We do not select the sites for your Franchised Business Centers, but will assist you with this process. WE MAKE NO GUARANTEES CONCERNING THE SUCCESS OF ANY FRANCHISED BUSINESS CENTER LOCATED AT ANY SITE TO WHICH WE CONSENT.~~

A. ~~B.~~ Initial Franchise Agreement. Subject to fully satisfying the Execution Conditions, within twelve (12) months of the Effective Date of this Agreement, you must enter into our then-current form of Franchise Agreement for the initial Franchised Business that you are required to open within Development Area I and if applicable, within the time period described on Schedule A for the second Franchise Business. In the event you are an Entity, then your Owners must each execute the form of personal guaranty attached to this Agreement as Schedule C.

### 6. TERMINATION

A. Company's Termination of Development Agreement-Grounds. Developer will be in material default, and we may, at our option, terminate this Agreement, as provided herein, if:

1. Developer fails to comply with the Development Schedule pursuant to Section 2 and Schedule A of this Agreement and fails to cure such Event of Default within 30 days after Notice of such default is delivered to Developer;

2. Developer fails to pay any fees or other amounts due hereunder to us within five (5) days after Notice of nonpayment is delivered to Developer;

3. Developer or any of its Owners has made any material misrepresentation or omission in connection with this Agreement that negatively impacts the Company or the Franchise System;

4. Developer or any of its Owners is or has been held liable or convicted by a court of law or other tribunal, pleads or has pleaded no contest to, a felony, indictable offense or other unlawful act, engages in any dishonest or unethical conduct or otherwise engages in any act or conduct which may materially and adversely affect the reputation of the Company, the Franchised Business Centers, any other

~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#) Business Center, or the goodwill associated with the Marks;

5. Developer or any of its Owners makes or attempts to make an unauthorized transfer pursuant to Section 9;

6. Developer or any of its Owners makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Operations Manuals in violation of this Agreement, Developer or any of its Owners makes any unauthorized use of the Marks or any unauthorized use or disclosure of Confidential Information or otherwise engages in conduct that materially and adversely affects the reputation of the Company or the goodwill associated with the Marks;

7. Developer or any of its Owners fails to comply with or perform in accordance with its covenants in this Agreement, including without limitation the covenants against competition set forth in Section 8;

8. Developer or any Affiliate defaults under a Franchise Agreement entered into by Developer or its Affiliate, and such default (if curable) is not cured within the time specified in such Franchise Agreement; or

9. Developer violates any federal, state or local health, safety or sanitation law, ordinance, code or regulation;

B. Procedure Upon Developer's Default. Except as described below, you will have thirty (30) days, or such longer period as applicable law may require, after you receive from us a written Notice of Event of Default within which to remedy any default hereunder, and to provide satisfactory evidence thereof to us. If you fail to correct the Event of Default within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further Notice to you effective immediately when the thirty (30) day period (or such longer period as applicable law may require) expires.

1. You will have five (5) days, or such longer period as applicable law may require, after you receive from us a written Notice of Event of Default within which to remedy any monetary default under Section 6.A.2. If you fail to correct such Event of Default and provide satisfactory evidence thereof to us within that time (or such longer period of time as applicable law may require), this Agreement will terminate without further Notice to you effective immediately when the five (5) day period (or such longer period as applicable law may require) expires.

2. We may terminate this Agreement immediately upon delivery of written Notice to you, with no opportunity to cure, if the termination results from any of the following:

i. If you fail to comply with one or more material requirements of this Agreement on at least three (3) separate occasions during any twelve (12) month period, whether or not similar or dissimilar, whether or not cured after Notice, and whether or not Notice of each such Event of Default was given within such time period;

ii. The nature of your breach makes it not curable;

iii. If you or your Affiliate breaches a Franchise Agreement and fails to cure such breach (if curable) within the time period provided in such Franchise Agreement, or if any Franchise Agreement between you or any of your Affiliates, on the one hand, and Franchisor or any of our Affiliates, on the other hand, is terminated.

3. This Agreement and all of your rights will automatically terminate without Notice if you file a proceeding in bankruptcy or a bankruptcy proceeding is filed against you (and not dismissed within 60 days of filing) under Applicable Law, you are insolvent within the meaning of Applicable Law or make an assignment for

the benefit of creditors or enter into any other similar arrangement.

C. Applicable Law. If the provisions of this Section 6 are inconsistent with Applicable Law, the Applicable Law will apply.

## 7. EFFECT OF EXPIRATION, OR TERMINATION

A. Post-Term Duties. If this Agreement is terminated for any reason or expires you will:

1. within ten (10) days after termination, pay to us or our Affiliates all amounts due and owing under this Agreement (including the Development Schedule) or any applicable Franchise Agreement, or any other agreement between you and us or our Affiliate.

2. discontinue using, and return to us by first class prepaid United States mail any hard copies of, the Operations Manuals, and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise or otherwise comprising the System Standards;

3. take all necessary action to cancel all fictitious or assumed names or equivalent registrations relating to your use of any of the Marks;

4. immediately cease using Confidential Information in any format it may appear and return to us (or, at our option, destroy or electronically delete) all electronic or hard copy documents in your possession that contain Confidential Information;

5. comply with all other applicable provisions of this Agreement and any applicable Franchise Agreement, including but not limited to the non-compete provisions.

Upon expiration or ~~earlier~~ termination of this Development Agreement for any reason, your right to use the name "AlphaGraphics" and the other Marks and the System will immediately terminate and you, the Development Manager and all other Owners will not in any way identify yourself/themselves as being associated with us.

B. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or ~~earlier~~ termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

## 8. COVENANTS

A. Non-Solicitation of Customers. Neither you nor any of your Owners will, during the Term, and for a period of two (2) years thereafter, directly or indirectly divert or attempt to divert any business, account, or customer of the Franchised Business Centers or of any other ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Centers or the System to any Competitive Business.

B. Covenant Not To Compete During Term. You and your Owners acknowledge the covenants set forth in this Section 8 are given for the purchase and sale of a business or the assets of a business. You further acknowledge you will receive valuable specialized training, confidential information, and our trade secrets, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques from us. You and each of your Owners will not, during the Term, directly or as an employee, agent, consultant, partner, officer, director, manager, member, or shareholder of any other Person, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business in the United States, except: (i) with our prior written consent; (ii) other ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Centers that you operate under and in compliance with the Franchise Agreements; or (iii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market



that represent one percent (1%) or less of that class of securities.

C. Post-Term Covenant Not To Compete. You and each of your Owners will not, for a period of two (2) years after this Agreement expires or is ~~earlier~~ terminated, (or with respect to an Owner, from the date such Owner ceases to be an Owner as defined under this Agreement) directly or as an employee, agent, consultant, partner, officer, director, manager, member, or shareholder of any other Person, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business within a five (5) mile radius of any **ALPHAGRAPHICS®** [AlphaGraphics](#) Business Center, or within the Development Area; provided, however, that this Section 8.C will not apply to: (1) other **ALPHAGRAPHICS®** [AlphaGraphics](#) Business Centers that you operate under and in compliance with the Franchise Agreements; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

The two-year time period described in this Section 8.C will be tolled for any period during which you are in breach of the covenants or any other time period during which we seek enforcement of this Agreement. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

D. Compliance with Applicable Law. You will be solely responsible for complying with all Applicable Laws in connection with the development and operation of Franchised Business Centers in the Development Area, and will timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of its business, including, without limitation, licenses to do business, sales tax permits, importation of materials, transmission of royalties and all other payments relevant to your performance under this Agreement, environmental and safety and fire clearances. You will notify us in writing immediately upon the commencement of any legal action, suit, or proceeding, any administrative action or the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental authority, which may adversely affect your operational or financial condition or which may have any materially adverse effect on us or our Affiliates, the goodwill associated with the Marks and the System or on **ALPHAGRAPHICS®** [AlphaGraphics](#) Business Centers generally.

## 9. TRANSFER

A. By Us. This Agreement is fully assignable by us without your consent and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Transfer of Control, Assignment or Sale of Substantially All of Your Assets. You understand that we have granted the Development Rights under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability and financial capacity. You (and your Owners) will not transfer (whether voluntarily or involuntarily), assign or otherwise dispose of, in one or more transactions, Control or substantially all or all of the assets of this Agreement.

C. Your Death or Disability. If your Development Manager or an Owner with a Controlling Interest dies or becomes Permanently Disabled, the executor, administrator or other personal representative, or the remaining Owners, must appoint a competent Development Manager acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or permanent disability. The appointed Development Manager must satisfactorily complete our designated training program.

If your Development Manager or any Owner with a Controlling Interest dies or becomes Permanently Disabled, the executor, administrator or other personal representative must transfer his/her interest within a reasonable time not to exceed twelve (12) months from the date of death or Permanent Disability to a Person we approve. Such transfers, including transfers by devise or inheritance, will be subject to the conditions contained in Section 9.B. above.

## 10. DISPUTE RESOLUTION

A. Mediation. Before any Party may bring an action in court or against the other, or commence an

arbitration proceeding (except as noted in Section 10.B below), the Parties must first meet to mediate the dispute. The mediation will be held the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the Parties agree on a mediator in writing within ~~ten~~<sup>thirty</sup> ~~(+030)~~ days after either Party gives written Notice of mediation. The mediation hearing will be held within twenty (20) days after the mediator has been appointed.

B. Arbitration. Except as qualified below, any dispute between you (including your Owners) and us or any of our or your Affiliates arising under, out of, in connection with or in relation to this Agreement or any of its related agreements, the Parties' relationship, your Franchised Business Centers must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the Parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the Parties will submit all claims to the jurisdiction of the courts. The arbitration must take place in the city in which our headquarters are located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement or its related agreements. A judgment may be entered upon the arbitration award by any state or federal court. The decision of the arbitrator will be binding and final on all Parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive damages; or (iii) make an award which extends, modifies or suspends any lawful term of this Agreement or its related agreements or any reasonable standard of business performance that we set.

C. Injunctive Relief. Notwithstanding Sections 10.A and 12.B above, you recognize that a developer's failure to comply with the terms of this Agreement or its related agreements could cause irreparable damage to us and/or to some or all other ~~ALPHAGRAPHS~~<sup>AlphaGraphics</sup> developers and/or franchisees. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to apply to an appropriate court for an injunction restraining such breach and/or a decree of specific performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

D. Cost and Attorneys' Fees. In the event of any legal proceeding regarding a breach or default under this Agreement, the prevailing Party in that proceeding (as determined by the trier-of-fact) is entitled to receive from the other Party all Losses and Expenses, including reasonable legal fees incurred by the prevailing Party in connection with obtaining any remedy available to the prevailing Party for any violation of this Agreement and in obtaining injunctive or other relief to enforce any provisions of this Agreement.

E. Claims. You and your Owners and guarantors may not assert any claim or cause of action against us or our Affiliates relating to this Agreement or its related agreements or the Parties relationship after the shorter period of the applicable statute of limitations or one (1) year following the effective date of termination of this Agreement.

## 11. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior Notice of the termination of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure we prescribe is invalid or unenforceable, the prior Notice and/or other action required by law or rule will be substituted for the

comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. The rights that we and you have are cumulative and no exercise or enforcement by either Party of any right or remedy precludes such Party from exercising or enforcing any other right or remedy to which such Party is entitled by law or equity to enforce.

D. Venue. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above will be brought in the federal or state district court encompassing the city in which our headquarters are located at the time of the lawsuit. Any such action will be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Owners waive any and all rights to proceed on a consolidated, common, or class basis. We and you irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. We may bring an action under this Section 11.D without first submitting an action to mediation or arbitration under Sections 10.A or 10.B: (1) for injunctive relief; or (2) for specific performance.

E. Governing Law. Subject to our rights under Federal trademark laws and the Parties' rights under the Federal Arbitration Act respecting Section 10 above, this Agreement will be governed by and construed under the laws of the State of Colorado, except for its conflicts of laws rules.

F. Binding Effect. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both you and us. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any Person or legal Entity not a Party to this Agreement.

G. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the Parties' rights under this Agreement and the relationship between the Parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right or a decision is in our discretion or at our option, that right or discretion is absolute and the Parties intend that our exercise of that right or discretion will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Except as noted in Section 11.G.1, whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

H. **DAMAGE WAIVER.** YOU AND WE AND OUR AFFILIATES AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER; PROVIDED HOWEVER, WE MAY RECOVER LOST PROFITS OR OTHER CONSEQUENTIAL DAMAGES IF YOU FAIL TO DEVELOP THE FRANCHISE BUSINESSES REQUIRED HEREUNDER.

I. **JURY WAIVER.** YOU AND WE IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY

**JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF LOSSES AND EXPENSES FOR BREACH OF THIS AGREEMENT. THIS WAIVER APPLIES IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER IN LAW OR IN EQUITY, BROUGHT BY YOU OR WE AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.**

J. Force Majeure. If any Party fails to perform any obligation under this Agreement due to a Force Majeure Event, such failure will not be deemed a breach of this Agreement, provided such Party uses reasonable efforts to perform such obligations as soon as possible under the circumstances. Either Party will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, the Parties will meet and discuss in good faith any amendments to this Agreement to permit us to exercise our rights under this Agreement. If the Parties are not able to agree on such amendments within 30 days and if suspension of performance continues, we may terminate this Agreement immediately by giving written Notice to you and/or we may exercise any of the remedies described in Section 10 or otherwise available at law or in equity. In no event will your inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse you from the prompt payment of any fee or other payment due to us pursuant to this Agreement.

K. Entire Agreement. This Agreement, including the “Introduction” section, the Schedule(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you represents the entire agreement of the Parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

L. Consumer Price Index. Notwithstanding anything to the contrary contained in this Agreement, all specified fees, contributions and dollar amounts referred to in this Agreement may be increased periodically by us, but in no event more than once during each of our fiscal years, to reflect increases in the Metropolitan Area Consumer Price Index for Urban Consumers - All Items (“CPI”), as published by the U.S. Department of Labor, or in a successor index. For the avoidance of doubt, if you sign this Agreement in ~~2023~~2024, no initial increase will occur earlier than January 1, ~~2024~~2025 based on the increase in CPI for ~~2023~~2024. If you sign this Agreement on or after January 1, ~~2024~~2025, then, notwithstanding anything in this Agreement to the contrary, all specified fees, contributions and dollar amounts referred to in this Agreement may be adjusted to reflect the increase in CPI for ~~2023~~2024.

M. Accounting and Legal Fees. If we are required to engage legal counsel in connection with your failure to pay when due amounts owing to us or our Affiliates, to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you will reimburse us for any and all accounting and legal fees and expenses, whether incurred prior to, in preparation for, or in contemplation of, the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

## **12. MISCELLANEOUS**

A. Construction of Language. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either Party. All words in this Agreement refer to whatever number or gender the context requires. If more than one Party or Person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

B. Successors. References to “Company” or “Developer” include the respective Parties’ successors, assigns or transferees, subject to the limitations of Section 8 of this Agreement.

C. Additional Documentation. You must, from time to time, subsequent to the date first set forth in the Summary Page, execute and deliver such other documentation or agreements and take such other action as we may reasonably require in order to effectuate the transactions contemplated in this Agreement. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf, as reasonably necessary to effectuate the transactions contemplated herein.

D. No Right to Offset. Developer may not withhold all or any part of any payment to the Company or any of its Affiliates on the grounds of the alleged nonperformance of the Company or any of its Affiliates or as an offset against any amount the Company or any of its Affiliates may owe or allegedly owe Developer under this Agreement or any related agreements.

E. Our Right to Delegate. You acknowledge and agree that we have the right to delegate to third-party designees (“Delegates”), which Delegates may be our agents, our Affiliates, or independent contractors with whom we have contracted: (1) the performance of any portion or all of our obligations under this Agreement (including, without limitation, the provision of any service or the operation of any program), and (2) any right that we have under this Agreement. You further acknowledge and agree that we may, or our Delegates may, simultaneously perform the same, similar, or different services for or on behalf of our, our Affiliate’s, or such Delegate’s company-owned, company-operated, licensed, or franchised businesses, or for or on behalf of businesses owned or operated by third parties, which businesses may be competitive with your Franchised Business Centers and the System and which may be located in the Development Area. We and our Delegates will have the right to perform any such obligations on a combined basis (including, without limitation, using the same or shared facilities, equipment, software, or personnel) or in conjunction with the performance of the same, similar, or different services for or on behalf of our, our Affiliate’s, or such Delegate’s company-owned, company-operated, licensed, or franchised businesses, or for or on behalf of businesses owned or operated by third parties, which businesses may be competitive with your Franchised Business Centers and the System and which may be located in the Development Area. We reserve the right, at our sole option, to allocate costs, personnel, and other resources among any combined programs.

F. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Additionally, this Agreement may be executed and transmitted by electronic means, all of which will be considered an original for all purposes.

### 13. ACKNOWLEDGMENTS

A. Success of Franchised Business. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon you (and your Development Manager's) ability as an independent businessperson, and your active participation in the daily affairs of each Franchised Business Center as well as other factors. We do not make any warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations.

C. You acknowledge that this Agreement is not a Franchise Agreement and does not confer upon you any rights to operate a Franchised Business Center or use our Marks in any manner. Such rights are solely granted under a Franchise Agreement.

### 14. NOTICES

Except as otherwise provided in this Agreement, any Notice, demand or communication provided for herein must be in writing and signed by the Party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such Notice is a notice of default, by registered or certified mail or overnight delivery. The notice address for each Party is set forth in the Summary Page. Either Party may specify a different address by notifying the other Party of the different address.

*[SIGNATURES APPEAR ON THE FOLLOWING PAGE]*



The Parties have signed this Agreement on the date stated in the first paragraph and this Agreement is effective on the Effective Date.

**COMPANY/US:**

**ALPHAGRAPHICS, INC.**

**DEVELOPER/YOU:**

[\_\_\_\_\_]

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

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

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

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

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

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

**SCHEDULE A**  
**TO ALPHAGRAPHS® AREA DEVELOPMENT AGREEMENT**

**DEVELOPMENT SCHEDULE**

1. **Development Area.** The Development Area(s), as referred to in Section 1 of the Area Development Agreement, is described (map) by geographic boundaries and will consist of the following area or areas:

[I, II ] \_\_\_\_\_

2. **Development Schedule.** The Development Schedule referred to in Section 2 of the Area Development Agreement is as follows:

Development Area	Deadline to Sign Franchise Agreement	Balance of Initial Fee Due in Connection with Franchised Business Center
I	12 Months from Effective Date	Greater of \$_____, or then-current Initial Fee minus \$_____
II	12 Months from the Effective Date	Greater of \$_____, or then-current Initial Fee minus \$_____

3. **Development Fee.** The Development Fee that is due and payable to the Company per Development Area, immediately upon execution of this Agreement, will be \$~~12,000.00~~12,500.00.

**APPROVED AND ACCEPTED BY:**

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**DEVELOPER/YOU:**

[\_\_\_\_\_]

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

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

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

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

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

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

Area Development Agreement  
Schedule A-1

ALPHAGRAPHS, INC.  
AREA DEVELOPMENT AGREEMENT | ~~2023~~2024  
~~89377174.1~~  
94779068.1

**SCHEDULE B**  
**TO ALPHAGRAPHS<sup>®</sup> AREA DEVELOPMENT AGREEMENT**

**ORGANIZATIONAL AND OWNERSHIP INFORMATION FOR ENTITY DEVELOPERS**

Developer is a \_\_\_\_\_, organized on \_\_\_\_\_, \_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted business under another name. The following is a list of Developer directors and officers as of the Effective Date. Capitalized terms not defined in this Schedule B have the meanings given in the Area Development Agreement dated \_\_\_\_\_ between Developer and AlphaGraphics, Inc.

<b>Name</b>	<b>Position(s) Held</b>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Developer represents and warrants to AlphaGraphics, Inc. that all ownership interests (direct or indirect) in Developer are disclosed below. Developer will disclose to AlphaGraphics, Inc. such additional information as AlphaGraphics, Inc. may periodically request concerning all Persons having an Equity Interest in Developer. As of the Effective Date:

<b>Name</b>	<b>Mailing Address</b>	<b>% of Ownership Interest</b>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**DEVELOPER/YOU:**

[\_\_\_\_\_]

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

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

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

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

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

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

**SCHEDULE C**  
**TO ALPHAGRAPHICS® AREA DEVELOPMENT AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

In consideration of the execution of that certain Area Development Agreement of even date (the “Area Development Agreement”) by AlphaGraphics, Inc. (the “Company,” “we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the Term of the Area Development Agreement and thereafter as provided in the Area Development Agreement that \_\_\_\_\_ (the “Developer” or “you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Area Development Agreement and its related agreements; and agrees to be personally obligated by, and personally liable for the breach of, each and every provision in the Area Development Agreement and its related agreements.

Further, the undersigned, individually and jointly, hereby agree to be personally obligated to perform each and every condition and term contained in the Area Development Agreement and its related agreements, including but not limited to the Area Development Agreement non-compete provisions in Section 8 and the dispute resolution provisions contained in Section 10 and agree that this Guaranty and Assumption of Obligations (the “Guaranty”) will be construed as though the undersigned and each of them executed an Area Development Agreement containing the identical terms and conditions of the Area Development Agreement.

Each of the undersigned waives: (1) acceptance and notice of acceptance by us of the foregoing undertaking; (2) notice of demand for payment of any indebtedness; (3) protest and notice of default to any Party respecting the indebtedness; (4) any right ~~he/she~~they may have to require that an action be brought against Developer or any other Person as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Area Development Agreement upon demand if Developer fails to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Developer or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Each of the undersigned has signed this Guaranty as of the same day and year as the Area Development Agreement was executed.

**GUARANTOR(S)**

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Area Development Agreement  
Schedule C-2

**SCHEDULE D**  
**TO ALPHAGRAPHICS® AREA DEVELOPMENT AGREEMENT**  
**FORM OF FRANCHISE AGREEMENT**

Area Development Agreement  
Schedule D-1



**EXHIBIT B**  
**FRANCHISE AGREEMENT**



~~ALPHAGRAPHS~~ ALPHA GRAPHICS, INC.

## Franchise Agreement

\_\_\_\_\_  
FRANCHISEE

\_\_\_\_\_  
DATE OF AGREEMENT

\_\_\_\_\_  
ADDRESS OF FRANCHISED  
BUSINESS CENTER

## SUMMARY PAGE

This Franchise Agreement (this “Agreement”) is made and entered into by and between AlphaGraphics, Inc. (“Company,” “we,” or “us”) and Franchisee (“Franchisee” or “you”) identified below. This Summary Page summarizes certain provisions of this Agreement to which it is attached. In the event of any conflict between the Summary Page and this Agreement, the provisions of this Agreement will control.

Type of ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center Program:

- ☐ New Business Center. You will develop and operate a new ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center (“New”).
- ☐ Transfer. You will purchase an existing ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center (“Transfer Business Center”) from a franchisee or from us or our Affiliate (“Transfer Purchase”). You will sign a rider to this Agreement with amendments applicable to the Transfer Purchase.
- ☐ Acquire and Convert. You will acquire a Visual Communications Business and convert it to an ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center (“Acquire and Convert”). You will sign a rider to this Agreement with amendments applicable to the Acquire and Convert.
- ☐ Conversion. You will convert your Visual Communications Business to an ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center (“Conversion”). You will sign a rider to this Agreement with amendments applicable to the Conversion.
- ☐ Renewal. You have operated an ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center and are renewing your Franchise on the terms and conditions of this Agreement (“Renewal”).

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

Protected Area: \_\_\_\_\_, as geographically constituted as of the Effective Date.

Initial Franchise Fee: ~~\$48,950~~ 49,750 (or \$25,000 if this Agreement is for a Conversion)

~~AIM~~ Brand Fund Fee: 2.5% of Gross Sales

Opening/Reopening  
Performance Package: \$10,000 if this Agreement is for a New Business Center; \$7,500 if this Agreement is for a Conversion or Acquire and Convert; or \$5,000 if this Agreement is for a Transfer

MIS License Fee \$15,000

Transfer Fee: ~~\$48,950~~ 49,750

Late Fee: \$25

Opening Deadline: \_\_\_\_\_

Franchisee: [\_\_\_\_\_] , a [\_\_\_\_\_]

Address for Notices: [\_\_\_\_\_]

[\_\_\_\_\_]

Phone: [\_\_\_\_\_]

Fax: [\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

Franchisor: AlphaGraphics, Inc.  
Address for Notices: 143 Union Boulevard, Suite 650  
Lakewood, Colorado 80228  
Phone: 800-955-6246  
Fax: 801-533-7959

Email: [opportunity@alphagraphics.com](mailto:opportunity@alphagraphics.com)

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# ALPHAGRAPHERICS® FRANCHISE AGREEMENT

## INTRODUCTION

A. We have developed a unique System for operating ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers specialized in customized print and marketing communication products and services to businesses.

B. We own the ALPHAGRAPHERICS® mark, and other related Marks and service marks used in operating the System.

C. You desire to obtain the right to develop and operate an ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center using the System at a specific location using the program indicated by the box checked on the Summary Page:

D. We have agreed to grant to you the right to develop and operate an ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center subject to the terms and conditions of this Agreement.

In consideration of the mutual covenants and agreements stated below, the Parties agree as follows:

## 1. DEFINITIONS

A. “~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center” means any ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center, developed and operated under the System and using the Marks.

B. “Affiliate” means with respect to a named Person, any Person that is Controlled by, Controlling or under common Control with the named Person.

C. “Applicable Data Protection Law” means U.S. laws, rules, and regulations applicable to privacy and security of Personal Information, including, but not limited to, the California Consumer Privacy Act of 2018, as amended by the California Privacy Rights Act.

D. ~~C.~~ “Applicable Law” means any law, statute, ordinance, rule, permit, license, certification, regulation, code, treaty, ruling, directive, decree, order, or other requirement or rule of law of any Government Authority pertaining or applicable to, arising under or in connection with the development, construction, and/or operation of an ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Center, including without limitation, all laws and regulations related to health, sanitation, and food safety, consumer privacy and data security (including any Applicable Data Protection Law), and those governing public accommodations for Persons with disabilities, or the execution, delivery and performance by either Party of this Agreement or any agreement between the Parties related hereto.

E. ~~D.~~ “Certified Manager” means a manager who is not an Owner and who has successfully completed our initial training program or our training program for managers to manage the Franchised Business Center.

F. ~~E.~~ “Company Indemnitees” means Company, its Affiliates and their respective Principals, employees, agents, successors, and assignees.

G. ~~F.~~ “Competitive Business” means any business operating, or granting franchises or licenses to others to operate, a Visual Communications Business, or otherwise offering products or services similar to those offered by ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers or that otherwise competes with ~~ALPHAGRAPHERICS®~~ AlphaGraphics Business Centers.

H. ~~G.~~ “Consequential Damages” means damages and injury that result from a Party’s negligent

performance of or other breach of this Agreement for: (a) lost profits; or (b) compensation for damages to reputation and goodwill including costs of or resulting from delays, financing, marketing materials and media time and space, and costs of changing, substituting or replacing the same.

I. ~~H.~~ **“Control” or “Controlling Interest”** means the power, directly or indirectly, to direct or cause the direction of the management and policies of an Entity, whether by contract or otherwise.

J. ~~I.~~ **“Customer”** means a Person purchasing or obtaining products or services from an ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center.

K. ~~J.~~ **“Customer Data”** means all Customer lists, Customer purchase histories, and all other Customer-related data and information collected by or retained by the Franchised Business Center including, but not limited to data and information located on or retained in the databases of the MIS System.

L. ~~K.~~ **“Entity”** means a business entity, including a corporation, limited liability company, general or limited partnership, limited liability partnership or any other type of legal entity.

M. ~~L.~~ **“Event of Default”** means any breach by Franchisee of, or any failure by Franchisee to comply with, any condition or obligation of this Agreement as described in Section 16.A.

N. ~~M.~~ **“Force Majeure Event”** means Acts of God (such as tornadoes, earthquakes, hurricanes, floods, fire or other natural catastrophe); strikes, lockouts or other industrial disturbances; war (declared or undeclared), riot, terrorist acts, cybersecurity incident, or other civil disturbances; epidemics; pandemics; or any other cause that is beyond the reasonable control of the Party affected thereby and that materially and adversely affects the ability of a Party hereto to perform. Financial inability of a Party hereto will not constitute a Force Majeure Event.

O. ~~N.~~ **“Franchised Business Center”** means the ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center for which you are granted a Franchise to operate pursuant to this Agreement.

P. ~~O.~~ **“Indemnified Matter”** means any action, suit, proceeding, claim, demand, investigation, or formal or informal inquiry (regardless of whether it is reduced to a judgment) or any settlement thereof, as described in Section 9.B.

Q. ~~P.~~ **“Initial Franchise Fee”** means an initial fee in the amount set forth in Section 6.A owed to us upon you signing this Agreement.

R. ~~Q.~~ **“Gross Sales”** means the aggregate amount of all sales of products and services, whether for cash, by check, credit card or trade or otherwise, made or provided at or in connection with the Franchised Business Center regardless of whether a sale is prior to or after the Franchised Business Center is operating at the Authorized Location of the Franchised Business Center, and including any sales made at a Facility or pursuant to a Facilities Management Agreement (whether or not the Marks are used in the operation of the Facility). “Gross Sales” further includes monies derived at or away from the Franchised Business Center including the sale of products or services in connection with the placement or servicing by you of self-service digital operating equipment. The term “Gross Sales” does not include: (1) any federal, state, municipal or other sales, excise, service, or value added taxes that you pay or accrue; and (2) discounts allowed to Customers on sales. For purposes of clarity, if you acquire your Franchise as a Transfer Purchase, your “Gross Sales” does not include any sales made in connection with the Franchised Business Center prior to your operation of the Business Center as a franchisee, including any sales made during the transferor’s operation of the Business Center.

S. ~~R.~~ **“Liquidated Damages”** means the compensation payable to the Company, and agreed to by the Parties, resulting from the Company’s loss of revenue due to the early termination of this Agreement. Such compensation is considered to be a reasonable, bona fide pre-estimate of damages and not a penalty.



T. ~~S.~~ **“Losses and Expenses”** means without limitation, all losses, compensatory, exemplary or punitive damages, arbitration costs, mediation costs, settlement amounts, judgments, court costs, fines, charges, costs, and expenses, including without limitation reasonable legal fees and Consequential Damages.

U. ~~T.~~ **“Managing Owner”** means the individual, approved by us in writing, who will oversee the day-to-day operation of your Franchised Business Center. The Managing Owner must be an Owner with a Controlling Interest unless approved by us in writing.

V. ~~U.~~ **“Marks”** means the ALPHAGRAPHSICS® trademark, and the other trademarks, service marks, domain names, logos and commercial symbols that we have designated, or may in the future designate, for use in the System.

W. ~~V.~~ **“MIS System”** means the management information software, applications, data storage and communications system that we designate or its successor program.

X. ~~W.~~ **“Notice”** means any notice, demand, request, consent, approval, and other communication in writing required or permitted to be given or which are to be given with respect to this Agreement.

Y. ~~X.~~ **“Opening Deadline”** means the date by which the Franchised Business Center must be open for business to the public as set forth in Section 4.F.

Z. ~~Y.~~ **“Operations Manual”** means the manual identified by us as our operations manual and other handbooks, manuals and written materials for ~~ALPHAGRAPHSICS®~~ AlphaGraphics Business Centers, as more specifically described in Section 5.G, all of which we may change periodically.

AA. ~~Z.~~ **“Owner”** means any Person who directly or indirectly owns an interest in you. If any corporation or other Entity (other than a partnership) is an Owner, an “Owner” also will mean a shareholder or owner of an interest in such corporation or other Entity. If a partnership is an Owner, “Owner” means your partners (including limited partners) and also means each general partner of such partnership and, if such general partner is an Entity, each owner of an interest in such general partner. If there are one or more individuals signing this Agreement as the Franchisee, each individual will be deemed an Owner.

BB. ~~AA.~~ **“Party”** or **“Parties”** means either Company or Franchisee individually or collectively.

CC. ~~BB.~~ **“Permanently Disabled”** or “Permanent Disability” means being subject to any physical, emotional or mental injury, illness or incapacity that prevents Franchisee or any Owner holding a Controlling Interest in Franchisee from performing ~~his or her~~their obligations under this Agreement or any other agreement related hereto for at least 90 consecutive days, and from which recovery is unlikely within 90 days from the date such individual is determined to be Permanently Disabled. If the Parties disagree as to whether a Person is “Permanently Disabled” the determination will be made by a licensed practicing physician, selected by us, upon examination of the Person, or, if the Person refuses to submit to an examination, then for purposes of Section 15.D, the Person will automatically be considered Permanently Disabled as of the date of refusal.

DD. ~~CC.~~ **“Person”** means any natural person or Entity.

EE. **“Personal Information”** means information that identifies, relates to, describes, is capable of being associated with, or is linked or could reasonably be linked, directly or indirectly, to individuals, including but not limited to, Franchisee’s customers, employees, independent contractors, and business contacts, and/or otherwise including particular elements of “personal information” as defined under Cal. Civ. Code § 1798.140.

FF. ~~DD.~~ **“Principal”** means, collectively or individually, the Persons holding a direct or indirect equity interest in you or in any of your Affiliates as designated by Company and your officers and directors. If this Agreement is executed pursuant to an area development agreement with Company, all references to Principal in this

Agreement will apply to Developer under such area development agreement.

GG. ~~EE.~~ “**Protected Area**” means the geographic area identified in Schedule A.

HH. ~~FF.~~ “**Purchased Assets**” means all of the tangible and intangible assets relating to the Franchised Business Center (excluding at our option any unsalable inventory, cash, short-term investments, accounts receivable and assets that are not part of the standard ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center).

II. ~~GG.~~ “**System**” means the ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics system which includes ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers specialized in providing customized print and marketing communication products and services to businesses, including Visual Communications Services, under the Marks, using certain distinctive types of equipment (including the MIS System), supplies, Confidential Information, business techniques, methods and procedures, and sales promotion programs, as we periodically may modify and further improve.

JJ. ~~HH.~~ “**System Standards**” means the specifications, standards, operating procedures and rules we prescribe from time to time for the development and operation of ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers.

KK. ~~II.~~ “**Term**” means the term of this Agreement pursuant to Section 3.A hereof.

LL. ~~JJ.~~ “**Visual Communications Business**” means a business engaged primarily in providing Visual Communications Services.

MM. ~~KK.~~ “**Visual Communications Services**” means the offer or sale of products or services related to graphic design, color and black and white offset and digital printing, bindery, mailing and fulfillment, multi-channel marketing communication solutions, large format signage and point of purchase, vehicle wraps, promotional products, direct mailing campaigns, packaging, business identity and brand awareness packages, Customer loyalty programs, search engine marketing and optimization solutions, and social media programs, and E-commerce related to any of the foregoing.

## 2. GRANT OF FRANCHISE

A. Grant of Franchise/Authorized Location. Subject to the provisions contained in this Agreement, we grant you a franchise (the “Franchise”) to own and operate an ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center at a location approved by us and to use the Marks in operating the Franchised Business Center. The authorized location of the Franchised Business Center (“Authorized Location”) will be identified on Schedule A. If an Authorized Location is not identified on Schedule A, you will select a site for the Franchised Business Center within three (3) months after the date of this Agreement in the geographic area identified on Schedule A. The designation of the geographic area on Schedule A does not confer any territorial rights upon you, and we and our Affiliates have the right to operate and franchise other ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers within such area. Once we consent to an Authorized Location for the Franchised Business Center, we will send you a Notice identifying the Authorized Location. For the avoidance of doubt, the identification of the Authorized Location in such Notice will replace and supersede Section 1 (Authorized Location) of the original Schedule A executed by the Parties. You accept the Franchise and undertake the obligation to operate an ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center at the Authorized Location using the Marks and System in compliance with this Agreement.

B. Protected Area. Except as noted below, the license is limited to the right to develop and operate one Franchised Business Center at the Authorized Location within the area described on Schedule A as the protected area (the “Protected Area”). During the Term of this Agreement and provided you are in compliance with this Agreement, we will not (1) once established by us, modify the Protected Area without your written permission, or (2) locate either a Company-owned (or Affiliate-owned) or franchised ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center within the Protected Area. The license granted to you does not, however, include: (i) any right to produce,

manufacture or sell products or services at any location other than at the Authorized Location; (ii) any right to produce, manufacture or sell products or services through any other channels of distribution; (iii) any right to sell products or services to any Person for resale or further distribution, except as we may designate in writing; or (iv) any right to exclude, Control or impose conditions on our development of future franchised, Company-owned or Affiliated-owned ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Centers at any time or at any location outside the Protected Area.

C. Certain Sales Activities Inside and Outside of the Protected Area. ~~Except as provided in this paragraph below, you may market and serve only those Customers located in the Protected Area, and you may not engage in marketing or advertising that targets areas or potential Customers located outside of the Protected Area or make other representations to potential Customers that would lead them to believe that you have an ALPHAGRAPHICS® Business Center outside the Protected Area.~~ The designation of the Protected Area does not grant you the exclusive right to any particular market or customers. You may solicit customers and advertise your AlphaGraphics Business Center anywhere you choose, except that you may not advertise on the Internet or establish or maintain any website or any presence on the Internet without our prior written consent. Likewise, we and our affiliates, and our and their franchisees, may advertise and solicit customers for AlphaGraphics Business Centers or other businesses as applicable, anywhere (including within your Protected Area). There is no obligation to pay compensation to any other franchisee for soliciting Customers from the other franchisee's market or territory.

1. You may market and sell products and services in any territory that we have not granted to another franchisee of the System as a protected area on the condition that you will stop all proactive marketing activity directed into a territory once we assign the territory as a protected area. Proactive marketing includes but is not limited to joining a local chamber of commerce, attending a local trade show, and direct mailing in another AlphaGraphics territory, or any other activity marketing a specific center; it does not include marketing using the general AlphaGraphics logo or attending a regional/national trade show. Egregious or overt marketing in another AlphaGraphics territory will not be tolerated.

2. After ~~that~~such time as a territory has been assigned, you may continue providing products and services to and accepting referrals from existing Customers in such territory. You acknowledge and agree that other franchisees in the System may continue providing products and services to, and accepting referrals from, Customers of such franchisee who are located in the ~~Protected Area~~protected area with whom such franchisee had an established relationship prior to the date of this Agreement.

~~2. — You may follow up on leads that originate from outside of the Protected Area, and fulfill any orders that may result from such leads, as long as you do not actively solicit leads from, or market services to, potential Customers located outside of the Protected Area. You acknowledge and agree that other franchisees in the System may follow up on leads that originate from inside of the Protected Area, and fulfill any orders that may result from such leads, as long as such other franchisee does not actively solicit leads from, or market services to, potential Customers located inside of the Protected Area;~~

3. ~~We may establish an E-commerce or similar program, which may be mandatory or optional at our sole option~~have established certain National Programs, including enterprise accounts, corporate accounts, and e-commerce programs, to obtain leads or sales over the Internet or other Online Sites (as defined in Section 7.C) directly or indirectly from Customers inside or outside of the Protected Area. ~~We also reserve the right to introduce a national or corporate accounts program, which may be mandatory or optional at our sole option, inside or outside of the Protected Area on reasonable notice in the future, which may require you to offer certain services to customers we refer to you. We will endeavor to direct the leads or sales to you if the Customer is located inside the Protected Area and if you agree to provide good service to the Customer regarding the lead or sale. We may choose not to direct such leads or sales to you if you do not have the capability to service the Customer's order; you are not in compliance with this Agreement, you have received Customer service complaints, or the Customer relates to an account we have designated as a national account. Subject to the forgoing, in connection with our E-commerce or similar program, (i) if we direct any leads or sales to you, you must accept, produce, manufacture and fulfill orders related to such leads or sales, regardless of whether the leads or sales originated from inside or outside of the Protected Area, and (ii) if we direct any leads or sales to us, our Affiliates, or other franchisees in the~~

~~System, you acknowledge and agree that we, our Affiliates, or such other franchisees (as applicable) may accept, produce, manufacture and fulfill orders related to such leads or sales, regardless of whether those orders originated from inside of the Protected Area.~~ To be eligible to participate in any National ~~Accounts Program we establish~~, you must become e-commerce certified by us and execute ~~our~~the then-current form of ~~National Account Participation Agreement.~~ ~~To be eligible to participate in any E-Commerce Program we establish, you must execute our then-current form of E-Commerce Addendum~~commerce addendum or participation agreement we require. We reserve the right to mandate your participation in these or similar programs in the future. Further, we reserve the right to discontinue these or similar programs in the future.

D. Rights Reserved To Us. We retain all rights that are not expressly granted to you under this Agreement. Further, we (or any of our Affiliates) may, among other things, on any terms and conditions we deem advisable, without compensation to you or any franchisee in the System, and without granting you any rights therein:

1. establish and/or license others the right to establish franchised or Company-owned or Affiliate-owned ~~ALPHAGRAPHS®~~AlphaGraphics Business Centers or other businesses at any location outside the Protected Area regardless of the proximity of such business to the Protected Area;

2. use and license others to use other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a retail store, at any location, including within the Protected Area, related to the operation of a business which may be the same as, similar to, or different from the business operated at your Franchised Business Center or to sell products and services (regardless of similarity to products and services sold in your Franchised Business Center);

3. purchase, merge with, acquire (or be acquired by), affiliate or become associated with (or remain affiliated or associated with), or engage in any transaction with (“Merger/Acquisition Activity”) any businesses of any kind, whether competitive or not, wherever located, under other systems and/or other marks, which businesses may operate under such other marks or convert to or operate under the Marks or other marks and may offer or sell products and services that are the same as or similar to the products and services offered at or from the Franchised Business Center, including under the Marks, and which may be located anywhere inside or outside the Protected Area;

4. sell and distribute for ourselves and/or license others to sell and distribute through alternate channels of distribution, including the Internet or other Online Sites (e.g. as described in Section 2.C.3), within and outside the Protected Area, products or services the same as or different from the products and services offered from the Franchised Business Center, and which are offered and distributed under marks the same as, similar to, or different than the Marks, including as provided in Section 2.C.3;

5. implement ~~national or corporate account programs and/or multi area marketing programs~~National Programs that allow us, or others, to solicit or sell to customers anywhere, and impose mandatory policies to coordinate such ~~national or corporate account programs and/or multi area marketing programs~~National Programs; and

6. advertise the System on the Internet or other Online Sites (or any other existing or future form of electronic commerce) and create, operate, maintain and modify, or discontinue the use of a website using the Marks. We exclusively reserve the Internet or other Online Sites, including computerized or remote entry ordering systems, as a channel of distribution for us, and you may not independently market on the Internet or through other Online Sites, or otherwise conduct E-commerce, unless you have received our prior written permission or unless such activities are expressly authorized by the Operations Manual.

7. provide, or license others to provide, personalized on-site management of Visual Communications Services and other related services to a Customer at a facility (a “Facility”) located at the

Customer's premises, whether such Facility is located within or outside the Protected Area and regardless of the proximity of such Facility to your Franchised Business Center or Protected Area.

E. Franchisee and Owners; Guaranty. You represent and warrant to us that all of your Owners are listed on Schedule B and that all information on Schedule B is accurate. If you are an Entity, all of your Owners will sign the Guaranty and Assumption of Obligations Agreement in the form attached to this Agreement as Schedule E (the "Guaranty Agreement"). Any Person that at any time after the date of this Agreement later becomes an Owner of you under the provisions of Section 15 or otherwise will, as a condition of becoming an Owner, sign the Guaranty Agreement. You will furnish to us at any time upon reasonable request a certified copy of the Articles of Incorporation or Articles of Organization and a list, in a form we reasonably require, of all shareholders or members of record and all Persons having a beneficial interest in any corporation or other Entity that is or becomes an Owner of you. If any Owner is married, the spouse of such Owner will also sign the Guaranty Agreement.

### 3. TERM OF FRANCHISE; RENEWAL RIGHTS

A. Term. The Term of this Agreement commences on the Effective Date of this Agreement and ends ten (10) years after the Effective Date of this Agreement.

B. Renewal. You will have the right to renew the Franchise for the Franchised Business Center for one (1) additional ten (10) year term, provided you meet the following conditions:

1. you have given us written Notice at least one hundred eighty (180) days before the end of the Term of this Agreement of your intention to renew;

2. you have complied with all of the material provisions of this Agreement, including the payment of all monetary obligations you owe to us or our Affiliates, and have complied with our material operating and quality standards and procedures;

3. you maintain possession of the Franchised Business Center premises and have at your expense made such reasonable capital expenditures as necessary to remodel, modernize and redecorate the Franchised Business Center premises and to replace and modernize the supplies, fixtures, signs, and equipment used in the Franchised Business Center so that the Franchised Business Center reflects the then-current physical appearance of a new ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Center, or are able to secure a new location within the Protected Area which we have accepted and agree to construct all required improvements to the Franchised Business Center premises and install all required fixtures and equipment in compliance with our then-current standards and specifications for new ~~ALPHAGRAPHICS®~~ AlphaGraphics Business Centers;

4. you (or if you are an Entity, your Managing Owner) have completed to our satisfaction, any new training and/or refresher programs as we may reasonably require. You are responsible for travel, living and compensation costs of attendees;

5. you have paid to us at least thirty (30) days before the Term of this Agreement expires our then-current renewal fee;

6. you sign our then-current form of franchise agreement (the terms of which may differ materially from the terms of this Agreement); provided you will be not be required to pay us the initial franchise fee stated in our then-current form of franchise agreement, but you will pay a renewal fee;

7. you, each of your Owners, and any guarantor, signs a general release, in form acceptable to us, of all claims against us and our Affiliates, officers, directors, employees, and agents; and

8. this Agreement is not a Renewal (as indicated in Paragraph C of the Introduction).

C. ~~"Interim Period.~~ If you do not exercise your right to renew this Agreement prior to the expiration

of this Agreement (or you continue operating after expiration of a renewal term) and you continue to accept the benefits of this Agreement after the expiration of this Agreement, then at our option, this Agreement may be treated either as (i) expired as of the date of expiration with you then operating a franchise without the right to do so and in violation of our rights; or (ii) continued on a month-to-month basis (the “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 of your obligations under this Agreement will remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on you upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

#### **4. DEVELOPMENT AND OPENING OF THE BUSINESS**

A. Site Selection. We will not approve you to begin operations of the Franchised Business Center at the Authorized Location until you meet our then-current requirements. You are responsible for purchasing or leasing a site that meets our site selection guidelines. We must consent to the site in writing. We do not select the site for the Franchised Business Center, but will assist you with this process. We make no guarantees concerning the success of the Franchised Business Center located at any site to which we consent.

B. Lease for Franchised Business Center Premises. If you enter into a lease for the Franchised Business Center, you must provide a copy of the proposed lease to us before you sign it and receive our written approval. In addition, you and the landlord will execute a lease addendum in the form attached as Schedule F (the “Lease Addendum”). If this is a Transfer Purchase, an Acquire and Convert or a Conversion, any new, assigned, amended or restated lease for the Authorized Location of the Franchised Business Center will include the Lease Addendum. You hereby assign and transfer all of your rights, title and interest in and to the Lease to us as security for your performance of the terms and conditions of this Agreement. If you breach this Agreement, we will have the right and option, but not the obligation, to take and assume the Lease for the remaining term of the Lease under the same terms and conditions, including rental, as originally contracted for by you. You authorize us to file a UCC-1 Financing Statement and other documents as may be reasonably required by our attorney to perfect and record our security interest in the Lease. This assignment and transfer will constitute a perfected, absolute and present assignment and transfer of the Lease; provided, however, we will have no right under this assignment and transfer to enforce the provisions of this assignment and transfer and to take possession of the Lease until a breach of this Agreement occurs, at which time we may enforce our right by giving you and the landlord written Notice that we have affirmatively exercised our rights under this assignment and transfer. The provisions of this paragraph will be deemed to take effect immediately upon the execution of the Lease.

C. Your Development of the Franchised Business Center. Promptly after you sign a lease or acquire the premises for the Franchised Business Center, and receive from us or our designee the prototype plans and specifications for the Franchised Business Center, you will:

1. prepare and submit to us for approval, which will not be unreasonably withheld, any proposed modifications to our basic plans and specifications, which you may modify only to the extent necessary to comply with applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions;

2. obtain all required building, utility, sign, health, sanitation and business permits and licenses, and any other required permits and licenses; and

3. construct all required improvements to the Franchised Business Center premises, purchase and install all required fixtures and equipment and decorate the premises in compliance with the plans and specifications approved by us and all applicable ordinances, building codes, permit requirements and lease or deed requirements and restrictions.

D. Fixtures, Equipment, Furniture and Signs. You will use in constructing and operating the Franchised Business Center only those types of construction and decorating materials, fixtures, equipment (including



computer hardware and software), furniture, and signs that we have approved for ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers as meeting our specifications and standards for appearance, function and performance. You may purchase approved types of construction and decorating materials, fixtures, equipment, furniture and signs from any supplier we approve or designate (which may include us and/or our Affiliates). If you propose to purchase any material, fixture, equipment, furniture or sign we have not then approved, or any items from any supplier we have not then approved, you must first notify us in writing and will provide to us (upon our request) sufficient specifications, photographs, drawings and other information or samples for us to determine whether the material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria, which determination we will make and communicate in writing to you within a reasonable time.

E. MIS Computer System. You will license and use in the Franchised Business Center the MIS System. The computer hardware component required for the use of the MIS System must comply with specifications we develop. The MIS System will remain the confidential property of us or our third-party supplier. Currently, you must sign a separate software license and support agreement for the MIS System with us and, upon opening the Franchised Business Center, pay to us a one-time initial fee and an annual support fee for the MIS System. As of the date of this Agreement, the designated MIS System is the PrintSmith<sup>®</sup> SaaS system, and you must sign a PrintSmith<sup>®</sup> Vision License and Support Agreement in the form attached hereto as Schedule C. Currently, in certain circumstances usually involving an Acquire and Convert or a Conversion, if we provide our written approval, you may operate under another software program for a period of no more than six (6) months from the date of opening, and thereafter you must sign and operate under the PrintSmith<sup>®</sup> Vision License and Support Agreement. We may change, modify or add to the MIS System or the software we require, and you must comply with any such changes, modifications or additions at your expense. You will use only the most current version of the MIS System or its successor program. Periodically, but no more frequently than one (1) time each five (5) year period during the Term of this Agreement, we may require that you license and use a different MIS System. In such event, you may be required at your cost to enter into a new MIS System license agreement and a software support agreement specified by us or such third-party supplier.

The MIS System at this time allows you, among other things, to enter Customer orders, price Customer orders, separate work orders and invoices and track aging, collection and Customer reports and statements. We own all right, title and interest in and to all records and data produced or processed by or otherwise located on (or retained in the databases of) of the MIS System including, without limitation, all Customer Data. To the extent that the Customer Data is not deemed to be solely owned by us for any reason, you hereby assign to us your entire right, title and interest in and to the Customer Data. We have the right of continuous access to your MIS System and all Customer Data (both during the Term of this Agreement and after this Agreement terminates or expires as necessary to access the Customer Data), and you will provide us with such continuous access in the manner we specify periodically. You will deliver to us a complete copy of all of the Customer Data in the manner we specify within five (5) business days of our request to you. We periodically will establish policies respecting the use of the Customer Data, and you will comply with these policies. Franchisee must secure from its vendors, Customers, prospective customers, and others all consents and authorizations, and provide them all disclosures, that Applicable Law requires to transmit the Customer Data to Company and its Affiliates and for Company and its Affiliates to use that Customer Data in the manner that this Agreement contemplates.

It is your responsibility to protect yourself from disruptions, Internet access failures, Internet content failures, and attacks by hackers and other unauthorized intruders and, if you fail to do so, you waive any and all claims you may have against us as the direct or indirect result of your failure.

F. Business Opening. If your Franchise is a New Business Center or an Acquire and Convert, you must complete development and be open for business at the Authorized Location for the Franchised Business Center within six (6) months of the Effective Date of this Agreement. You will not open the Franchised Business Center without our prior written approval. If you fail to open the Franchised Business Center at the Authorized Location by the Opening Deadline, we may at our option terminate this Agreement or grant you an extension of time to open the



Franchised Business Center. We are not responsible or liable for any of your pre-opening obligations, or Losses and Expenses you might incur for your failure to open by a particular date.

G. Relocation of Franchised Business Center. You will not relocate the Franchised Business Center from the Authorized Location without our prior written consent. If you relocate the Franchised Business Center under this Section, the “new” franchised location of the Franchised Business Center, including the real estate and building, must comply with all applicable provisions of this Agreement and with our then-current specifications and standards for ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers. We will not unreasonably withhold our consent to the proposed relocation, provided we have received at least ninety (90) days’ written Notice prior to the closing of the Franchised Business Center at the Authorized Location, you have obtained a site acceptable to us within the Protected Area, and you agree to open the “new” location for the Franchised Business Center within three (3) days after you close the Franchised Business Center at the “prior” franchised location and otherwise comply with any other conditions that we may require. If you must relocate the Franchised Business Center because the Franchised Business Center was destroyed, condemned or otherwise became untenable by fire, flood or other casualty, you must reopen the Franchised Business Center at the new franchised location in the Protected Area within six (6) month after you discontinue operation at the Authorized Location. You must also pay all costs of any relocation.

## 5. TRAINING AND OPERATING ASSISTANCE

A. Training. You (or if you are an Entity, your Managing Owner) must attend and successfully complete, an initial training program on the operation of a Franchised Business Center, provided at a place and time we designate. Your Initial Franchise Fee (Transfer Fee, in the case of a Transfer) pays for your training plus an additional management level employee that you designate and we approve for training. Any other management-level employees you request may attend training upon our authorization. You will pay all travel, hotel, incidentals and living expenses related to you or your manager’s training. You must successfully complete: (i) the self-directed, e-learning phase of our initial training program as assigned to you; (ii) the ~~New Franchisee~~Initial Owner Training phase of our initial training program within thirty (30) days of the Effective Date of this Agreement (or 8 weeks from the soft opening of the Business Center for New Center Franchisees); (iii) wide format training and digital marketing training, within one (1) year of the Effective Date; and (iv) follow-up assignments as prescribed by us. In addition, you must participate in and complete prescribed performance groups (“Performance Groups”) we assign to you, including, at a minimum, as follows: within eighteen (18) months of the Effective Date, you must participate in and complete the “Generating More Leads” Performance Group and “Improving Lead Conversion” Performance Group; and, within three (3) years of the Effective Date, you must participate in and compete the “Growing Your Existing Accounts” Performance Group and “Improving Your Customer Retention” Performance Group. We reserve the right to alter the focus, subject matter, and/or sequencing of the Performance Groups that you must participate in and complete. After the Franchised Business Center opens, we will provide training (at a time and place we determine) to any replacement Managing Owner at your expense. We may require that you or the Managing Owner attend all additional and refresher training programs that we designate. We may charge you a reasonable fee for the additional and refresher training programs. You are solely responsible for the compensation, travel, lodging and living expenses you, your Managing Owner, and your other managers incur in attending the initial training program or any additional or refresher training programs. If, at any time, you or the Managing Owner is replaced with another, we must approve the replacement and this individual must successfully complete the ~~new franchisee training programs~~ Initial Owner Training as determined at our discretion. Replacement training will be at your expense, including training fees, travel, hotel and incidentals. We reserve the right to conduct all or part of any training via teleconference, video conference, or through other remote/virtual means.

B. Opening Assistance. We will provide you with the opening assistance services consistent with the program we have developed for the type of Franchise you have.

C. Operating Assistance. We will advise you on operational issues and provide assistance in operating the Franchised Business Center as we deem appropriate. We also may provide advice regarding the following:

- Business Center;
1. products and services authorized for sale at ~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#)
  2. updates to approved supplies and suppliers;
  3. updates to the Operations Manual and System Standards;
  4. marketing assistance and sales promotion programs; and
  5. establishing and operating general administrative, sales and operating procedures to properly operate an ~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#) Business Center.

We will provide such guidance as we deem appropriate through our Operations Manual, System Standards, or other written materials, telephone conversations and/or meetings at our office or at the Franchised Business Center in connection with an inspection of the Franchised Business Center. We reserve the right to charge you a fee for any additional assistance we provide.

D. Additional or Refresher Training or Assistance. If you request additional or refresher training or assistance in operating the Franchised Business Center, and we agree to provide such training or assistance from our personnel or designees, you will pay us fees, as we establish periodically for such training or assistance, and you will reimburse us for the travel, lodging, and living expenses of our personnel or designees. At our sole option, such additional or refresher training or assistance may take place at your Franchised Business Center, at another ~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#) Business Center, at our training facility, online, or at another location we designate.

E. Managed Services Program. We will establish and assist in administering a program for services designed to benefit the Franchised Business Center (the “Managed Services Program”), with some services designated as mandatory services that you must purchase for the Managed Services Fee described in Section 6.D and other services designated as optional services, in which case such services are added to your aggregate Managed Services Fee described in Section 6.D. The Managed Services Program may be modified by us periodically in our discretion, including modification of the services that comprise the Managed Services Program, and whether or not such services are designated as mandatory or optional.

F. Attendance at Meetings. Except under certain circumstances, you must attend, at your expense, each network conference we may hold or sponsor. You must attend the conference for its full duration. You must pay our then applicable network conference registration fee upon registering. If either you or your Managing Owner does not attend a network conference, we will charge you for one (1) registration fee, and you will promptly pay us the fee. Except under certain circumstances, you must also attend all meetings relating to new services, new operational procedures or programs, training, business management, sales or sale promotion or similar topics, including any system-wide teleconferences or web-conferences. We reserve the right to charge you a fee to attend any meetings, programs or other trainings we require. If you or your Managing Owner are not able to attend a required meeting, you must notify us prior to the meeting and must have a substitute Person, such as your Certified Manager, acceptable to us attend the meeting. We reserve the right to conduct all or part of our network conference or meetings via teleconference, video conference, or through other remote/virtual means.

G. Operations Manual. We will provide on loan to you, during the Term of this Agreement, one manual copy or electronic (Internet) access to the Operations Manual and our System Standards. The Operations Manual and System Standards will contain mandatory and suggested specifications, standards and operating procedures that we develop for ~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#) Business Center and information relating to your other obligations. Any required specifications, standards and operating procedures exist to protect our interests in the System and the Marks and to create a uniform Customer experience, and not for the purpose of establishing any Control or duty to take Control over those matters that are reserved to you. We may add to, and otherwise modify, the Operations Manual and System Standards to reflect changes in authorized products and services, and specifications, standards and operating procedures of an ~~ALPHAGRAPHS~~<sup>®</sup> [AlphaGraphics](#) Business Center. The

master copy of the Operations Manual and System Standards that we maintain electronically or in written form at our principal office and make available to you will Control if there is a dispute involving the contents of the Operations Manual and/or System Standards.

H. Our Right to Delegate. You acknowledge and agree that we have the right to delegate to third-party designees (“Delegates”), which Delegates may be our agents, our Affiliates, or independent contractors with whom we have contracted: (1) the performance of any portion or all of our obligations under this Agreement (including, without limitation, the provision of any service or the operation of any program), and (2) any right that we have under this Agreement. You further acknowledge and agree that we may, or our Delegates may, simultaneously perform the same, similar, or different services for or on behalf of our, our Affiliate’s, or such Delegate’s company-owned, company-operated, licensed, or franchised businesses, or for or on behalf of businesses owned or operated by third parties, which businesses may be competitive with your Franchised Business Center and the System and which may be located in the Protected Area. We and our Delegates will have the right to perform any such obligations on a combined basis (including, without limitation, using the same or shared facilities, equipment, software, or personnel) or in conjunction with the performance of the same, similar, or different services for or on behalf of our, our Affiliate’s, or such Delegate’s company-owned, company-operated, licensed, or franchised businesses, or for or on behalf of businesses owned or operated by third parties, which businesses may be competitive with your Franchised Business Center and the System and which may be located in the Protected Area. We reserve the right, at our sole option, to allocate costs, personnel, and other resources among any combined programs.

## 6. FRANCHISE FEES

A. Initial Franchise Fee. You will pay us an Initial Franchise Fee of Forty-~~Eight~~Nine Thousand, ~~Nine~~Seven Hundred Fifty Dollars (~~\$48,950~~49,750); provided, the Initial Franchise Fee will be Twenty-Five Thousand Dollars (\$25,000) if you are a Conversion Franchisee. The Initial Franchise Fee is payable when you sign this Agreement. The Initial Franchise Fee is non-refundable. The Initial Franchise Fee includes your first Network Conference Registration Fee.

If this is your second or subsequent Franchise, your Initial Franchise Fee will be reduced by fifty percent (50%); that is, you will pay an Initial Franchise Fee of Twenty-Four Thousand, Four Hundred Seventy-Five Dollars (\$24,475).

If you are (a) an honorably discharged United States veteran or the spouse of an honorably discharged United States veteran, and (b) you are a new franchisee (that is, this Franchise Agreement is your first franchise agreement with us and neither you nor any affiliate is an existing franchisee of ours as of the Effective Date), the amount of your Initial Franchise Fee described above be reduced by Ten Thousand Dollars (\$10,000); that is, you will pay an Initial Franchise Fee of Thirty-~~Eight~~Nine Thousand, ~~Nine~~Seven Hundred Fifty Dollars (~~\$38,950~~39,750) if you are a New Business Center Franchisee or an Acquire and Convert Franchisee or an Initial Franchise Fee of Fifteen Thousand Dollars (\$15,000) if you are a Conversion Franchisee.

If you (or each and every one of your owners if you are an Entity) are (a) a United States citizen and a member of an ethnic minority group, and (b) you are a new franchisee (that is, this Franchise Agreement is your first franchise agreement with us and neither you nor any affiliate is an existing franchisee of ours as of the Effective Date), the amount of your Initial Franchise Fee described above be reduced by Five Thousand Dollars (\$5,000); that is, you will pay an Initial Franchise Fee of Forty-~~Three~~Four Thousand, ~~Nine~~Seven Hundred Fifty Dollars (~~\$43,950~~44,750) if you are a New Business Center Franchisee or an Acquire and Convert Franchisee or an Initial Franchise Fee of Twenty Thousand Dollars (\$20,000) if you are a Conversion Franchisee.

If you (or each and every one of your owners if you are an Entity) are (a) a United States citizen and a woman, and (b) you are a new franchisee (that is, this Franchise Agreement is your first franchise agreement with us and neither you nor any affiliate is an existing franchisee of ours as of the Effective Date), the amount of your Initial Franchise Fee described above be reduced by Five Thousand Dollars (\$5,000); that is, you will pay an Initial Franchise Fee of Forty-~~Three~~Four Thousand, ~~Nine~~Seven Hundred Fifty Dollars (~~\$43,950~~44,750) if you are a New

Business Center Franchisee or an Acquire and Convert Franchisee or an Initial Franchisee Fee of Twenty Thousand Dollars (\$20,000) if you are a Conversion Franchisee.

If you are party to an area development agreement with us, the Initial Franchise Fee may be subject to a credit per the terms of such area development agreement in which case you will only be obligated to pay us the balance of the Initial Franchise Fee.

B. Other Fees or Payments. The following fees are payable when you sign this Agreement, and are non-refundable:

1. Opening/Reopening Performance Package. You will pay us \$10,000 for our opening/reopening performance package (“Opening/Reopening Performance Package”); provided, if you are a Conversion Franchisee or an Acquire and Convert Franchisee, you will pay \$7,500 instead of \$10,000 for our Opening/Reopening Performance Package. Your payment is non-refundable. The Opening/Reopening Performance Package includes items as determined by us to enhance the opening or reopening (as applicable) of the Franchised Business Center using our System, such as an opening campaign, grand opening event expenses, or other marketing support. You must use the package within 1 year of signing this Agreement or it will expire, and you will not receive a refund of the payment. Notwithstanding the foregoing, if you are an existing AlphaGraphics franchisee as of the Effective Date and you are purchasing an additional Franchise for either a New Business Center or an Acquire and Convert Business Center, you will not be required to purchase our Opening/Reopening Performance Package but will have the option to do so; however, if you do not elect to purchase our Opening/Reopening Performance Package, you will not be eligible to receive the Sales and Marketing Incentive Package described in Section 11.G.

2. MIS License Fee. You will pay us a non-refundable one-time initial license fee of \$15,000 in connection with the PrintSmith<sup>®</sup> Vision License and Support Agreement in the form attached to this Agreement as Schedule C. If your Franchise is for a New Business Center, this initial fee is due one (1) week before you (of if you are an Entity, your Managing Owner) attend the initial training program described in Section 5.A above. In all other cases, this fee is due when you open your Franchised Business Center.

3. AGOnline Fee. If this Franchise is for a New Business Center, an Acquire & Convert, or a Conversion, you will pay a non-refundable, one-time license fee of \$1,500 for this service when you open your Franchised Business Center.

4. Accounting Software. When you open your Franchised Business Center and once per year thereafter, you will pay us a non-refundable fee of ~~\$300.00~~ \$310 for accounting software. This software is currently QuickBooks Online Essentials, but we reserve the right to substitute another accounting software in the future.

5. Print Speak. You will pay us a non-refundable initial license fee of \$250 - \$750 determined based on the Print Speak CRM Level you select as follows for Acquire and Convert, Conversion, or Transfer Franchisees: \$250 for Level 1, \$375 for Level 2, \$500 for Level 3, or \$750 for Level 4. Notwithstanding the foregoing, if your Franchise is for a New Business Center, your non-refundable initial license fee for Print Speak is \$250, and this initial fee is due one (1) week before you (of if you are an Entity, your Managing Owner) attends the initial training program described in Section 5.A above. In all other cases, this fee is due when you open your Franchised Business Center.

6. Center Development Package Fee. If your Franchise is for a New Business Center, you must purchase from us a center development package (“Center Development Package”) for your Franchised Business Center at a non-refundable cost (the “Center Development Fee”) of \$146,565, as described in Schedule H, plus, if applicable, an amount determined by us, in our sole discretion, required to cover all sales and/or use taxes imposed by state and local taxing authorities on the equipment and other items we supply to you as part of your Center Development Package. You may purchase either the base Center Development Package or the premium Center Development Package. You will pay us the Center Development Fee at the later of (i) the day you sign a lease for your Franchised Business Center premises, or (ii) ninety (90) days before the projected opening date of

your Franchised Business Center. We will provide the Center Development Package for your Franchised Business Center following your payment of the Center Development Fee. You may be responsible for any additional development expenses related to the size of your Franchised Business Center premises or sign.

C. Royalties. You will pay us non-refundable monthly royalties as described below (the “Royalties”), depending on whether you operate a single Business Center or Commonly Owned Business Centers. Royalties are due and payable on the fifteenth (15<sup>th</sup>) day of each month based on the Gross Sales of your Franchised Business Center for the previous month. If your Royalties do not exceed the Minimum Royalties, however, you will pay us the Minimum Royalties annually. The threshold dollar amounts for reductions in Royalties described in Sections 6.C.1 and 6.C.2 below (the “Royalty Thresholds”) will apply during our 2022 fiscal year and are subject to change at our option on January 1 of each year based on the increase in the CPI as more specifically described in Section 19.N. If you sign this Agreement in ~~2022~~2024, the Royalty Thresholds will change as of January 1, ~~2023~~2025 based on the increase in CPI for ~~2022~~2024. If you sign this Agreement on or after January 1, ~~2023~~2025, then, notwithstanding anything in this Agreement to the contrary, the Royalty Thresholds applicable until the end of the ~~2023~~2025 fiscal year will reflect the increase in CPI for ~~2022~~2024.

If you acquire your Franchise as a Transfer Purchase, sales generated prior to the time you sign this Agreement and begin operating as owner of the Franchised Business Center are not included in your Gross Sales for any purpose, including for determining your Royalty Threshold or ~~AIM~~Brand Fund Fee. For example, if you sign this Agreement and begin operating your Franchised Business Center on March 1, your Gross Sales as of March 1 are \$0, and your Royalties for March sales will be calculated at 7%. This is true even if the franchisee who transferred the Franchised Business Center to you had achieved the 5% or 3% Royalty Thresholds as of the time of the transfer to you.

1. Royalties for a Single Franchised Business Center. If you operate a single Franchised Business Center, your Royalties will be calculated as follows:

(a) 7% of Gross Sales, until the reductions in Royalties in subparagraph 1(b) and/or (c) of this Section 6.C applies. The reductions apply only if you are in compliance with this Agreement.

(b) 5% of Gross Sales, after the Franchised Business Center’s Gross Sales amount reaches ~~\$1,255,529~~1,298,217 during the Royalty Year and you have timely paid us ~~\$87,877.03~~90,875 in Royalties. The reduction will apply until the end of the Royalty Year, unless further reduced by subparagraph 1(c) of this Section 6.C below.

(c) 3% of Gross Sales after the Franchised Business Center’s Gross Sales amount reaches ~~\$2,511,377~~2,596,764 during the Royalty Year and you have timely paid us ~~\$150,679.43~~151,967 in Royalties. The reduction will apply until the end of the Royalty Year.

2. Royalties for Commonly Owned Franchised Business Centers. You are deemed to have “Commonly Owned Franchised Business Centers” if you or an Owner of a Controlling Interest in you also owns or is an owner of a Controlling Interest in one or more additional ~~ALPHAGRAPHS~~<sup>®</sup>AlphaGraphics Business Centers and such ~~ALPHAGRAPHS~~<sup>®</sup>AlphaGraphics Business Centers are operating under other franchise agreements with us that are substantially the same as this Agreement. A Facility does not constitute an additional Commonly Owned Franchised Business Center. If you operate Commonly Owned Franchised Business Centers, your Royalties will be calculated as follows:

(a) 7% of Gross Sales, until the reductions in Royalties in subparagraphs 2(b) and/or (c) of this Section 6.C applies. The reductions apply only if you are in compliance with this Agreement and if you report your Gross Sales to us for each Franchised Business Center both separately and on a consolidated basis in a manner we require.

(b) 5% of Gross Sales after timely payment of Royalties during any Royalty Year of the sum of ~~\$87,877.03~~90,875 plus ~~\$10,287.90~~10,637 for each additional Commonly Owned Franchised Business

Center. The reduction will apply until the end of the Royalty Year unless further reduced by subparagraph 2(c) of this Section 6.C below.

(c) 3% of Gross Sales after timely payment of Royalties during any Royalty Year of the sum of ~~\$150,679.43~~ \$151,967 plus ~~\$10,287.90~~ \$10,637 for each additional Commonly Owned Franchised Business Center. The reduction will apply until the end of the Royalty Year.

3. Royalty Year. “Royalty Year” means a year beginning on the first day of our fiscal year and ending on the last day of our fiscal year or such other one-year time period as we may periodically designate. If you acquire your Franchise as a Transfer Purchase, your Royalty Year for the purpose of determining your Minimum Royalties, only, will be based upon the Royalty Year of the transferring franchisee. If your Franchise is a Renewal, your Minimum Royalties for each of your Royalty Years during the renewal term will be the amount for Royalty Years 5-10.

4. Yearly Minimum Royalties. During each Royalty Year, you must pay us Royalties equal to at least the minimum royalties during the Term of this Agreement (the “Minimum Royalties”) as follows:

Royalty Year	Minimum Royalties Payment
Effective Date until beginning of Royalty Year 1	\$0
Royalty Year 1	<del>\$16,000</del> <u>\$19,600</u>
Royalty Year 2	<del>\$24,000</del> <u>\$28,000</u>
Royalty Year 3	<del>\$32,000</del> <u>\$38,500</u>
Royalty Year 4	<del>\$40,000</del> <u>\$49,000</u>
Royalty Years 5-10	<del>\$48,000</del> <u>\$59,500</u>

(a) The Minimum Royalties is based upon a standard Protected Area. The Minimum Royalties are calculated based upon Royalty Year periods.

(b) If in any Royalty Year you have not paid Royalties to us in an amount that is equal to or in excess of the amount of the Minimum Royalties for such year, then you shall pay to us an amount equal to the difference between the Minimum Royalties for such year and the amount of Royalties paid during such year (the “Catch-Up Payment”), subject to Section 6.C.4(c). You will pay us the Catch-Up Payment within thirty (30) days of the end of the applicable Royalty Year.

(c) If you have made three (3) Catch-Up Payments during the Term of this Agreement, thereafter we may at our option allow you to make a Catch-Up Payment as described in Section 6.C.4(b) or terminate your Agreement without the ability to correct the default as described in Section 16.C.

5. Averaging Royalty Payments. If, for each month in a 12-month Royalty Year (“Base Year”), you and all Owners of all Commonly Owned Franchised Business Centers:

(a) remain current on all Royalties and other amounts due and owing to us and our Affiliates;

(b) timely submit all financial statements and reports required by us under this Agreement and relating to all other Commonly Owned Franchised Business Centers; and

(c) are otherwise in full compliance with the terms and conditions of this Agreement and all other agreements with us relating to Commonly Owned Franchised Business Centers; and

(d) in the event of any Commonly Owned Franchised Business Centers, all Commonly Owned Franchised Business Centers are operated under a form of franchise agreement containing a



substantially similar Royalties provision (including regarding Averaging Royalty Payments) as contained in this Agreement, you will have the option during the immediately following Royalty Year ("Averaging Year") to make payments toward the Royalties you owe us for the Averaging Year as determined by multiplying (i) your actual Gross Sales for the month of the Averaging Year for which such payment is due by (ii) the average royalty rate paid by you in the Base Year. Notwithstanding the foregoing, the total Royalties by you to us for the Averaging Year or portion thereof will be the total amount set forth in Sections 6.C.1 – 6.C.4. Accordingly, an adjustment will be made at the end of the Averaging Year or upon the expiration or ~~earlier~~ termination of this Agreement (by reason of a Transfer (as defined below) or otherwise), by comparing (i) the total Royalties actually due by you to us under Sections 6.C.1 – 6.C.4 for the Averaging Year or portion thereof, and (ii) the amount paid by you under this Section 6.C.5 during the Averaging Year or portion thereof. Any amounts owed to us by you as a result of the adjustment will be due and payable within thirty (30) days after the end of the Averaging Year, or immediately on the date of expiration or ~~earlier~~ termination of this Agreement, as applicable. Any amounts owed to you by us as a result of the adjustment will be credited to your account within a reasonable period of time following: the end of the Averaging Year, or the date of expiration or ~~earlier~~ termination of this Agreement, as applicable.

D. Managed Services Fee. You will pay us a monthly fee for participation in our Managed Services Program. The fee is for aggregated amounts owed to vendors, including us and our Affiliates, for mandatory and optional services that we designate (the "Managed Services Fee"). We may, at our sole option, change, add to, remove, or substitute the mandatory or optional services under Managed Services Program, or change required vendors for such programs or services. The annual fees charged for the mandatory and optional services provided to you under the Managed Services Program will be aggregated periodically to determine the amount of the Managed Services Fee and divided by 12 to determine the monthly fee. The Managed Services Fee may be changed periodically by us at any time at our sole option, including upon changes to the fees or amounts charged by the relevant vendors or if we change the mandatory or optional services under the Managed Services Program. The Managed Services Fee is due on the first day of each calendar month, beginning with the first month after execution of this Agreement.

E. Electronic Transfer of Funds. We will require you to sign electronic transfer of funds authorizations and other documents as we periodically designate, to authorize your bank to transfer, either electronically or through some other method of payment designated by us, directly to our account and to charge your account for all amounts due to us from you. Your authorizations will permit us or a third party we designate to identify the amount to be transferred from your account. You will maintain a balance in your accounts sufficient to allow us or any third party we designate to collect the amounts owed to us when due. You will be responsible for any penalties, fines or similar expenses associated with the transfer of funds described herein.

F. Interest Charges; Late Fees. All Royalty Fees, ~~AIM~~Brand Fund Fees, Managed Services Fees and other amounts which you owe to us or our Affiliates will bear interest after the due date at the lesser of: (i) eighteen percent (18%) per annum; or (ii) the maximum contract rate of interest permitted by law in the state in which the Franchised Business Center is located. In addition to the interest charges, we reserve the right to charge a late fee of twenty-five dollars (\$25), or the maximum rate applicable by law, for each delinquent payment that you owe to us under this Agreement. A payment is delinquent for any of the following reasons: (i) we do not receive the payment on or before the due date; or (ii) there are insufficient funds in your bank account to collect the payment by a transfer of funds on or after the due date. The late fee is not interest or a penalty, it is only to compensate us for increased administrative and management costs due to late payment.

G. Application of Payments. We may apply against amounts due to us or any of our Affiliates any payments received from you or any indebtedness of us to you.

H. Withholding Payments Unlawful. You agree that you will not withhold payment of any Royalty Fees, ~~AIM~~Brand Fund Fees, Managed Service Fees, or any other amount due us, and that the alleged non-performance or breach of any of our obligations under this Agreement or any related agreement does not establish a right at law or in equity to withhold payments due us for Royalty Fees, ~~AIM~~Brand Fund Fees, Managed Service Fees or any other amounts due.



I. Tax Indemnification. You will indemnify us and reimburse us for all income, capital, gross receipts, sales, and other taxes that the state in which the Franchised Business Center is located imposes, or may in the future impose, as a result of your operation of the Franchised Business Center or the license of any of our intangible property in the jurisdiction in which the Franchised Business Center is located. If more than one franchisee in the System is located in such jurisdiction, they will share the liability in proportion to their Gross Sales from their respective ~~ALPHAGRAPHICS®-Franchised~~[AlphaGraphics](#) Business Centers, except in the case of sales taxes and gross receipts taxes, which will be divided in proportion to taxable sales to such franchisees. If applicable, this payment is in addition to the Royalties payments described above.

J. Non-Compliance Fees. If an Event of Default occurs under this Agreement and you fail to timely cure such Event of Default, we may, at our option, charge a non-compliance fee in the amount of 2% of Gross Sales payable to us in the same manner as the Royalties and a non-compliance fee in the amount of 0.5% of Gross Sales payable to us in the same manner as the ~~AIM~~[Brand Fund](#) Fee. The Non-Compliance Fee will continue until the Event of Default is cured.

## 7. MARKS

A. Ownership and Goodwill of Marks. You acknowledge that you have no interest in or to the Marks and that your right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Franchised Business Center in compliance with this Agreement and all applicable specifications, standards and operating procedures and rules that we require during the Term of this Agreement. You agree that your use of the Marks and any goodwill established exclusively benefits us and our Affiliates, and that you receive no interest in any goodwill related to your use of the Marks or the System. You must not, at any time during the Term of this Agreement or after the termination or expiration of this Agreement, engage in any conduct directly or indirectly that would infringe upon, harm or contest our or any of our Affiliate's rights in any of the Marks or the goodwill associated with the Marks, including any use of the Marks in a derogatory, negative or other inappropriate manner in any media (including but not limited to print or electronic media) or contest or assist any other Person in contesting the validity or ownership of any of the Marks.

B. Limitations on Your Use of Marks. You agree to use the Marks as the sole identification of the Franchised Business Center, but you must identify yourself as the independent owner in the manner we direct. You must not use any of the Marks as part of any corporate Entity or legal business name or trade name or in any modified form (e.g., with any prefix, suffix or other modifying words, designs or symbols), and you may not use the Marks in any employment-related documents, such as applications, employment agreements, evaluations, paycheck stubs, etc. You cannot use any of the Marks in performing or selling any unauthorized product or service or in any other manner unless we have expressly authorized such use in writing. You may use the Marks on various materials such as business cards, stationery and checks provided you (i) accurately depict the Marks on the materials as we describe, (ii) include a statement on the materials indicating that the Franchised Business Center is independently owned and operated by you, (iii) do not use the Marks in connection with any other Marks, trade names or service marks unless we specifically approve in writing and (iv) make available to us, upon our request, a copy of any materials depicting the Marks. You will not use the Marks in any advertising by you in connection with the Transfer of any interest in the Franchised Business Center. You agree to display the Marks prominently and in the manner we direct on all signs and forms. Subject to our rights described in this Agreement, you agree to obtain fictitious or assumed name registrations as may be required under Applicable Law.

C. Restrictions on Internet and Website Use. We or our Affiliates retain the sole right to advertise the System on the Internet and other Online Sites and to create, operate, maintain and modify, or discontinue the use of, a website using the Marks. We or our Affiliates also retain the sole right to establish an extranet system. We or our Affiliates may maintain a website for the benefit of all ~~ALPHAGRAPHICS®~~[AlphaGraphics](#) Business Centers, and you will participate in the website and any extranet system we establish in the manner and according to the rules we specify. We or our Affiliates may alter or terminate the website or extranet system upon thirty (30) days' Notice to you. Your general conduct on the Internet and any other Online Sites, and the System's extranet system, and specifically your use of the Marks or any advertising on the Internet (including the domain name and any other Marks we may develop as a result of participation in the Internet or any Online Sites), will be subject to the

provisions of this Agreement, the Operations Manual and our System Standards. Except as we may expressly authorize in writing, however, you will not: (i) use or display the Marks as part of any website or webpage that is not linked to our website or any other website we designate; (ii) conduct any business or offer to sell or advertise any products or services on the Internet or any Online Sites including e-mail marketing or other digital marketing; (iii) create or register any Internet domain name or use of the Marks in any Online Sites, electronic address, user name, search engine, including metatags, keywords, and adWords; (iv) use any email address which we have not authorized for use in operating the Franchised Business Center; and (v) conduct any activity on the Internet or any other Online Sites. The term "Online Sites" means one or more related documents, designs, pages, or other communications that can be accessed through electronic means, including, but not limited to the, Internet, World Wide Web, webpages, microsites, social media or networking sites (e.g. Facebook, [X \(formerly known as Twitter\)](#), LinkedIn, You Tube, Google Plus, Pinterest, etc.), blogs, vlogs, applications to be installed on mobile devices (e.g. Apple-device or Droid-device apps), and other applications, etc. You acknowledge that certain information obtained through your online participation in the website or extranet system is considered Confidential Information (as defined in Section 8), including access codes and identification codes. You will not register, as Internet domain names, any of the Marks or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar. Further, you may not market, advertise or promote the Franchised Business Center or conduct any business on the Internet, including using Online Sites to promote the Franchised Business Center, except as provided in our written social media policy (if any) and with our prior written approval. Your right to participate in the System's website or extranet system or otherwise use the Marks or the System on the Internet will terminate when this Agreement expires or terminates.

You agree not to establish a website or permit any other party to establish a website that relates in any manner to your Franchised Business Center or referring to the Marks, except as we may designate or approve in writing. If we ever do approve in writing a request for you to use a separate website (although we are not required to permit you do so), then we have the right to require that you comply with the standards, specifications, conditions, and requirements relating to such websites that we may periodically prescribe in the Operations Manual and our System Standards or otherwise in writing, and we also have the right to revoke our approval in which case you must promptly discontinue using the separate website. You must also immediately discontinue the use of any unauthorized website or Online Sites if your conduct related to them is in breach of this Section 7. If you fail to discontinue their use after we request you to do so, you authorize us to terminate their use on your behalf, and you will pay our expenses and provide us all information necessary to do so.

D. Notification of Infringements and Claims. You must notify us immediately in writing of any apparent infringement of or challenge to your use of any Trademark, or any claim by any Person of any rights in any Trademark or any similar trade name, trademark or service mark of which you become aware. You must not communicate with any Person other than us and our legal counsel regarding any infringement, challenge or claim. We may take any action we deem appropriate and have the right to exclusively Control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Trademark. You will sign all documents, provide assistance and take all action as we may reasonably request to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

E. Litigation. You will have no obligation to and will not, without our prior written consent, defend or enforce any of the Marks in any court or other proceedings for or against imitation, infringement, any claim of prior use, or for any other allegation. You will, however, immediately notify us of any claims or complaints made against you respecting the Marks and will, at your expense, cooperate in all respects with us in any court or other proceedings involving the Marks. We will pay the cost and expense of all litigation we incur, including attorneys' fees, specifically relating to the Marks. We and our legal counsel will have the right to Control and conduct any litigation relating to the Marks.

F. Changes. You cannot make any changes or substitutions to the Marks unless we so direct in writing. We reserve the right, in our business judgment, to modify or discontinue use of any Marks, or to use one or more additional or substitute Marks or service marks. In such event, you will, at your expense, comply with such modification or substitution within a reasonable time after we notify you.

## 8. CONFIDENTIAL INFORMATION/IMPROVEMENTS

A. Confidential Information. We possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under Applicable Law (“Confidential Information”), relating to the development and operation of ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers. The Confidential Information includes, without limitation, the following:

1. Site selection criteria and the designated areas for site locations;
2. Plans and specifications for the construction of ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers;
3. Training materials, programs and systems for franchisees and personnel of ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers including, without limitation, the Operations Manual;
4. The System Standards and such other methods, techniques, formats, specifications, standards, systems, procedures, and sales and marketing techniques, and knowledge of and experience in the development and operation of ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers as we will develop or disclose to you periodically;
5. Market research and all promotional, marketing and advertising programs for ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers;
6. Knowledge of specifications for, and suppliers of, certain products, materials, supplies, equipment, fixtures, furnishings and services;
7. Any computer software programs (including, without limitation, the data generated thereby) that are proprietary to us or our Affiliate;
8. Customer mailing lists prepared by us for use by you, and other similar services offered by us;
9. Knowledge of operating results and financial performance of ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Centers other than the Franchised Business Center; and
10. All data and records related to Customers of the Franchised Business Center, including, without limitation, all Customer Data.

B. Confidential Information Restrictions. You acknowledge and agree that you do not acquire any interest in the Confidential Information, other than the right to use it in developing and operating the Franchised Business Center pursuant to this Agreement, and that the use or duplication of the Confidential Information in any other business constitutes an unfair method of competition. You acknowledge and agree that the Confidential Information is proprietary and is a trade secret of ours and is disclosed to you solely on the condition that you agree that you: (i) will not use the Confidential Information in any other business or capacity; (ii) will maintain the absolute confidentiality of the Confidential Information during and after the Term of this Agreement; (iii) will not make unauthorized copies of any Confidential Information disclosed in written form; (iv) will adopt and implement all reasonable procedures we direct to prevent unauthorized use or disclosure of the Confidential Information, including restrictions on disclosure to the Franchised Business Center employees; and (v) will sign a Confidentiality Agreement and will require all employees with access to Confidential Information to sign such an agreement in a form we approve.

The restrictions on your disclosure and use of the Confidential Information will not apply to disclosure of Confidential Information in judicial or administrative proceedings to the extent you are legally compelled to disclose this information, if you use your best efforts to maintain the confidential treatment of the Confidential Information,

and provide us the opportunity to obtain an appropriate protective order or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

C. Improvements. You must fully and promptly disclose to us all ideas, concepts, methods, techniques, improvements, additions and Customer Data relating to the development and/or operation of the Franchised Business Center or the System, or any new trade names, service marks or other commercial symbols, or associated logos relating to the operation of the Franchised Business Center, or any advertising or promotion ideas related to the Franchised Business Center (collectively the “Improvements”) that you and/or your employees conceive or develop during the Term of this Agreement. All such Improvements will be deemed to be our sole and exclusive property, part of the System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you must assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing an assignment agreement or other documents) we request to show our ownership or to help us obtain intellectual property rights in the Improvement. You agree that we have the perpetual right to use and authorize others to use the Improvements without any obligation to you for royalties or other fees.

## 9. RELATIONSHIP OF THE PARTIES / INDEMNIFICATION

A. Relationship of the Parties. The Parties are independent contractors. Neither Party is the agent, legal representative, partner, subsidiary, joint venture or employee of the other. Neither Party will independently obligate the other Party to any third parties or represent any right to do so. This Agreement does not reflect or create a fiduciary relationship or a relationship of special trust or confidence. You must conspicuously identify yourself at the premises of the Franchised Business Center and in all dealings with Customers, lessors, contractors, vendors, suppliers, public officials and others as the owner of the Franchised Business Center, under a franchise agreement from us, and must place other notices of independent ownership on signs, forms, stationery, advertising and other materials as we require. You may not use the Marks in any employment-related documents, such as applications, employment agreements, evaluations, paycheck stubs, etc.

B. Your Indemnification Obligations. You and your Principals, on behalf of themselves and your Affiliates, will indemnify, defend and hold harmless the Company Indemnitees against and reimburse any one or more of the Company Indemnitees for any and all Losses and Expenses arising out of, from, or related to any claims, directly or indirectly, arising out of or from or related to any of the following (each, an “Indemnified Matter”): (a) the development, operation or closing of the Franchised Business Center; (b) any breach of this agreement by you, your Affiliates or any Principal, or your Affiliates’ or any Principal’s breach of any other agreement between Company or its Affiliates and you, your Affiliates, the Managing Owner, Certified Manager, or any Franchised Business Center manager; and (c) the marketing, promotion or advertisement of the Franchised Business Center or products or the sale of any products offered by the Franchised Business Center, including unfair or fraudulent advertising claims (whether in print advertising or electronic media), and product liability claims. The indemnity set forth above includes claims, directly or indirectly, arising out of, from, or related to the Company Indemnitees’ negligence. Company has the right, at its option, to defend any such claim against the Company Indemnitees at your sole cost and expense. If you defend any claim, you may not enter into any settlement agreement or otherwise resolve or conclude the matter without our prior written consent. This indemnity will continue in full force and effect subsequent to, and notwithstanding, the expiration or termination of this agreement. Under no circumstances will Company or any other Company Indemnitees be required to seek recovery from any insurer or other third party, or otherwise to mitigate its or your Losses And Expenses, in order to maintain and recover fully a claim against you. Any failure to pursue such recovery or mitigate a loss will in no way reduce or alter the amounts recoverable by Company or another Company Indemnitee from you.

C. Survival. The indemnities and assumptions of liabilities and obligations continue in full force and effect after the expiration or termination of this Agreement.

## 10. BUSINESS IMAGE AND OPERATING STANDARDS

A. Condition and Appearance Of Business/Rebuilding Of Business. You agree to maintain the condition and appearance of the Franchised Business Center, and refurbish and modify its layout, decor and general

theme, as we may require to maintain the condition, appearance, efficient operation, ambience and overall image of [ALPHAGRAPHICS® AlphaGraphics](#) Business Center (as we may modify). You will replace worn out or obsolete fixtures, equipment, furniture, or signs, repair the interior and exterior of the Franchised Business Center and periodically clean and redecorate the Franchised Business Center; provided that we will not require you to substantially modernize or refurbish the Franchised Business Center more than once every five (5) years starting from the Effective Date. Notwithstanding the foregoing, you acknowledge and agree that the renewal governed by 3.B is expressly conditioned upon your compliance with these modernization and replacement requirements at the time of renewal. If at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the Franchised Business Center or its fixtures, equipment, furniture or signs does not meet our then-current standards, we will so notify you, specifying the action you must take to correct the deficiency. To the extent the cooperation of the landlord is needed to complete the maintenance or refurbishing, you will use your best efforts to work with the landlord to correct the deficiency. If you fail, within ten (10) days after receipt of Notice, to commence action and continue in good faith and with due diligence, to undertake and complete any required maintenance or refurbishing, we may (in addition to our rights under Section 16 below) enter the Franchised Business Center and correct the deficiencies on your behalf, and at your expense.

If the Franchised Business Center is damaged or destroyed by fire or any other casualty, you will, within thirty (30) days, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue (until completion) repairs or reconstruction, to restore the Franchised Business Center premises to its original condition before the casualty. If, in our reasonable business judgment, the damage or destruction is of a nature or to an extent that you cannot repair or reconstruct the premises of the Franchised Business Center you must relocate and open the Franchised Business Center at a new location within the Protected Area in accordance with the relocation requirements outlined in Section 4.G.

B. Business Alterations. You cannot alter the premises or appearance of the Franchised Business Center, or make any unapproved replacements of or alterations to the fixtures, equipment, furniture or signs of the Franchised Business Center without our prior written approval. We may, in our sole business judgment and at your sole expense, correct any alterations to the Franchised Business Center not previously approved by us.

C. Restriction on Use of Premises. You agree that you will not, without our prior written approval, offer at the Franchised Business Center any products or services not then authorized by us for [ALPHAGRAPHICS® AlphaGraphics](#) Business Center, nor will the Franchised Business Center be used for any purpose other than the operation of an [ALPHAGRAPHICS® AlphaGraphics](#) Business Center in compliance with this Agreement.

D. Your Hiring and Training of Employees. You will maintain at all times a staff of trained employees sufficient to operate the Franchised Business Center in compliance with our standards. You will comply with all Applicable Laws, ordinances and regulations regarding hiring and firing of employees, employment, labor and immigration. You will hire all employees of the Franchised Business Center and be exclusively responsible for the terms of their employment, scheduling, benefits, disciplining, compensation, and all other personnel decisions without any influence or advice from us, and such decisions and actions shall not be, nor be deemed to be, our decisions or actions. None of your employees will be deemed to be an employee of ours for any purpose, and you will notify each of your employees of this fact. You will implement a training program for Franchised Business Center employees in compliance with our requirements. While retaining our rights regarding brand standards, we expressly disclaim any right to control or direct your employment or personnel matters and decisions.

E. Products, Supplies and Materials. You agree that the Franchised Business Center will only offer for sale those products and services which we have approved as being suitable for sale and meeting the standards of quality and uniformity for the System. Certain products, services, equipment, supplies, and materials must be purchased from suppliers approved by us (which may include us and/or our Affiliates). We periodically may modify the lists of approved brands and suppliers, and you will comply with such modified lists of approved brands and suppliers. If you propose to offer for sale or purchase any products, services, equipment, supplies, or materials which we have not approved, you must first notify us in writing and provide sufficient information, specifications and samples concerning the products, services, equipment, supplies or materials to permit us to determine whether



they comply with our specifications and standards and meet our approved criteria. We will notify you within a reasonable time whether or not the proposed products, services, equipment, supplies, or materials is approved. We may develop procedures for the submission of requests for approved products, services, equipment, supplies, or materials and obligations that approved suppliers must assume (which may be incorporated in a written agreement to be signed by approved suppliers). We will have the right to charge each proposed supplier a reasonable fee in reviewing a proposed brand or supplier. We may impose limits on the number of suppliers and/or brands for any products, services, equipment, supplies or materials to be used in the Franchised Business Center. You agree that certain products, services, equipment, supplies, or materials may only be available from one source, and we or our Affiliates may be that source. You will pay the products, services, equipment, supplies, or materials then-current price in effect for approved products, services, equipment, supplies, or materials you purchase from us, our Affiliates or any third party we designate. We or our Affiliates may collect a rebate, credit, incentive or other benefits from any approved and/or designated suppliers, and we may, but are not required to, share all or a portion of any such rebate, credit, incentive or other benefit with you. WE AND OUR AFFILIATES MAKE NO WARRANTY AND EXPRESSLY DISCLAIM ALL WARRANTIES, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, RESPECTING PRODUCTS, SERVICES, EQUIPMENT (INCLUDING ANY REQUIRED MIS SYSTEM OR OTHER COMPUTER HARDWARE OR SOFTWARE), SUPPLIES, MATERIALS, FIXTURES, FURNISHINGS OR OTHER ITEMS THAT WE DISTRIBUTE OR THAT THIRD PARTIES APPROVED BY US MANUFACTURE OR DISTRIBUTE FOR USE IN THE SYSTEM.

F. Standards of Service; Hours of Operation. You must at all times give prompt, courteous and efficient service to your Customers. You must, in all dealings with your Customers, suppliers and the public, adhere to the highest standards of honesty, courtesy, integrity and fair dealing. You will maintain the minimum hours of operation during the Term of this Agreement as follows: during the hours of 8:00 am and 6:00 pm, Monday through Friday, except federal or state holidays observed by a majority of businesses in the Protected Area, you will be open for business each day for a minimum of nine (9) consecutive hours.

G. System Standards. You acknowledge and agree that the development and operation of the Franchised Business Center in accordance with the System Standards is important to us, you and other **ALPHAGRAPHS\*** [AlphaGraphics](#) Business Centers and is essential to the System. You agree to maintain the highest standards of quality and service in the Franchised Business Center and agree to comply with all mandatory specifications, standards and operating procedures (whether identified to you as System Standards, or contained in the Operations Manual, or any other written communication to you, and as periodically modified and supplemented by us in our discretion during the Term of this Agreement) relating to the development, appearance, maintenance or operation of an **ALPHAGRAPHS\*** [AlphaGraphics](#) Business Center, including:

1. Type, quality and uniformity of service;
2. Methods and procedures relating to marketing, dealing with Customers and providing services to Customers;
3. The safety, maintenance, cleanliness, function and appearance of the Franchised Business Center premises and its fixtures, equipment, furniture, décor and signs;
4. Standards related to the qualifications, training, dress, and appearance of Franchised Business Center employees;
5. The style, make and/or type of equipment (including computer equipment) used in operating the Franchised Business Center;
6. Use and illumination of exterior and interior signs, posters, displays, standard formats and similar items;

7. Franchised Business Center advertising and promotion; and
8. Other aspects of the development and operation of the Franchised Business Center as we may designate.

Standards and specifications for the System that we prescribe in the Operations Manual are considered as part of our System Standards, and you are required to comply with them to the fullest extent permitted by law. You agree to implement any changes in the Operations Manual and System Standards within the reasonable time period we request. You have the obligation to request modifications to the Operations Manual and/or System Standards so that no standards or specifications in them violate or could result in a violation of or noncompliance with any applicable federal, state and local governmental laws, ordinances and regulations.

H. Compliance with Laws and Good Business Practices. You must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business Center and must operate the Franchised Business Center in compliance with all Applicable Laws, ordinances and regulations, including without limitation those relating to employment and labor, site location and building construction, waste management, health, sanitation and safety, including without limitation occupational safety laws, the environment, the collection and disposal of hazardous waste, and privacy and data protection. You must comply with all laws and regulation relating to privacy and data protection (including any Applicable Data Protection Law). You also must comply with any privacy policies, data protection policies and breach response policies we periodically may establish. You must notify us immediately of any suspected data breach at or in connection with the Franchised Business Center. You must notify us in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, writ, injunction, award of decree, by any court, agency, or other governmental instrumentality which may adversely affect the operation or financial condition of you or the Franchised Business Center. You will not conduct any business or advertising practice which injures our business, the System or the goodwill associated with the Marks and other **ALPHAGRAPHICS®** AlphaGraphics Business Centers.

I. Management of the Business / Conflicting Interests. The Franchised Business Center must at all times be under your direct supervision or, if you are an Entity, a Managing Owner who we have approved. If there is more than one Owner, the Owners must designate in writing one of the Owners owning a Controlling Interest in you as the Managing Owner who will supervise Franchised Business Center operations and represent you in interacting with us. The Managing Owner must complete our initial training program to our satisfaction as described in Section 5.A.

You or your Managing Owner must at all times faithfully, honestly and diligently perform your obligations and continuously use best efforts to promote and enhance the Franchised Business Center. You (or your Managing Owner) must assume responsibilities on a full-time basis and must not engage in any other business or other activity, directly or indirectly, that requires any significant management responsibility, time commitments or otherwise may conflict with your obligations. At our discretion, we may (but are not required to) give you written approval to allow a manager who is not an Owner and who has successfully completed our initial training program or our training program for managers (the “Certified Manager”) to manage the Franchised Business Center as described in this paragraph.

You or your Managing Owner (or your Certified Manager, if applicable) will either (1) at all times actively manage the Franchised Business Center and personally supervise the Franchised Business Center’s day-to-day operations, in which case you will employ a sales Person to spend a minimum of forty (40) hours per week on outside sales call (i.e. direct face-to-face selling) to new and existing Customers of the Franchised Business Center or (2) spend a minimum of forty (40) hours per week on outside sales calls to new and existing Customers of the Franchised Business Center, in which case you must have a production manager that we approve in writing actively manage operations at of the Franchised Business Center under the day-to-day supervision of you or your Managing Owner (or your Certified Manager, if applicable).

J. Insurance. You agree to purchase and maintain in force, at your expense, the following insurance



at a minimum:

1. Comprehensive general liability insurance, including products liability, property damage, and personal injury coverage with a combined single limit of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate;
2. Worker's compensation, employer's liability limits of at least One Million Dollars (\$1,000,000), bodily injury by accident per each accident; at least One Million Dollars (\$1,000,000), bodily injury by disease, policy limit; and at least One Million Dollars (\$1,000,000), bodily injury by disease, per each employee; and other insurance to meet the greater of all applicable statutory requirements or the then-current minimum levels of coverage as we periodically require;
3. Commercial property insurance policy, including, at a minimum, fire, vandalism, theft, burglary and extended coverage insurance with primary and excess limits of not less than one hundred percent (100%) replacement value of the Franchised Business Center facility and fixtures, equipment and inventory;
4. Business interruption/time element coverage in such amounts as we periodically may require either as a component of or an endorsement to a commercial property insurance policy; and
5. Automobile liability insurance for owned and non-owned business vehicles including personal injury, wrongful death and property damage with coverage of at least One Million Dollars (\$1,000,000) per occurrence.

All insurance policies will: (i) be issued by an insurance carrier(s) we designate or that meets our then-current minimum standards (currently AM Best Rating of at least A-, Class VII,); (ii) will name us and our Affiliates and their respective officers, directors and employees as additional insured; (iii) contain a waiver of the insurance company's right of subrogation against us; (iv) contain the above-mentioned insurance coverage for each Franchised Business Center that you operate unless otherwise approved by us; (v) provide that we will receive thirty (30) days' prior written Notice of any material change in or termination, expiration or cancellation of any policy; and (vi) as applicable, include primary and non-contributory endorsement or language in form and content as we periodically require. We periodically may, with prior written Notice to you, increase the minimum liability protection requirements, modify the policy, endorsement and other requirements, and require different or additional kinds of insurance to reflect inflation or changes in standards of liability. If you at any time fail to maintain in effect any insurance coverage we require, or to furnish satisfactory evidence thereof, we, at our option, may obtain insurance coverage for you. You agree to promptly sign any applications or other forms or instruments required to obtain any insurance and pay to us, on demand, any costs and premiums we incur. You will provide us with a copy of the certificate of insurance in compliance, insurance policy endorsement and other evidence of compliance with these requirements as we periodically require at least two (2) weeks before you take possession and commence development of the Franchised Business Center premises. In addition, you will provide to us a copy of the certificate of or other evidence of the renewal or extension of each insurance policy. Your obligation to obtain and maintain these insurance policies in the amounts specified will not be limited in any way by reason of any insurance that we may maintain, nor does your procurement of required insurance relieve you of liability under the indemnity obligations described in Section 9. Your insurance procurement obligations under this Section are separate and independent of your indemnity obligations. We do not represent or warrant that any insurance that you are required to purchase will provide you adequate coverage. The requirements of insurance specified in this Agreement are for our protection. You should consult with your own insurance agents, brokers, attorneys and other insurance advisors to determine the level of insurance protection you need and desire, in addition to the coverage and limits required by us.

K. PCI Compliance. You must participate in our designated Payment Card Industry ("PCI") compliance program and comply with all applicable data security standards. You will pay us or our designated third party supplier the then-current monthly fee and sign our or its designated third party supplier's standard form agreement related to your participation in our designated PCI compliance program.

L. Anti-Discrimination. You shall not discriminate against Customers (in the products or services

that you provide, access to your products or services, or by your refusing to provide your products and services) on the basis of race, color, religion, age, sex, sexual orientation, gender identity, marital status, national origin, or disability, and you will further comply with any anti-discrimination policies in our Operations Manual and/or System Standards.

M. Data Privacy and Protection.

1. ~~For purposes of this Section 10.M, “Personal Information” means information that is received from Company, or collected on Company’s behalf, that identifies, relates to, describes, is capable of being associated with, or is linked or could reasonably be linked, directly or indirectly, with a particular consumer or household, and including particular elements of “personal information” as defined under Cal. Civ. Code § 1798.140~~ Franchisee acknowledges and agrees that it will collect, process, and otherwise use Personal Information, and transfer Personal Information to Company, in compliance with all Applicable Data Protection Laws. Franchisee agrees to hold Company and its Affiliates harmless of any liability and Losses and Expenses incurred, suffered or sustained by Company and its Affiliates, shareholders, officers, directors, employees and agents, as a result of Franchisee’s non-compliance with Applicable Data Protection Laws.

2. With regard to Personal Information that Franchisee may collect, receive, or otherwise process as a result of any agreements between Franchisee and Company (or its subsidiaries or affiliates), including this Agreement, Franchisee agrees and certifies that it will: (i) Process Personal Information only for the limited and specified purposes of providing services requested by Company; (ii) Assist Company with the resolution of any request or inquiries that Company receives from individuals and/or data protection regulators relating to Franchisee’s processing of Personal Information and, if and to the extent requested by Company, cooperate with any regulators’ requests; (iii) Implement and maintain reasonable and appropriate physical, technical, and administrative safeguards, procedures, and practices to protect and maintain the confidentiality, security, accuracy, integrity, availability, and authenticity of Personal Information; (iv) Notify Company, and provide Company with the ability to object, before transmitting Personal Information to a service provider, sub-processor, subcontractor, or other vendor; ~~(iii)~~ (v) Require any service provider, sub-processor, subcontractor, or other vendor that receives Personal Information to agree to provisions materially similar to those found within this Section 10.M; ~~(iv) Cooperate and assist Company with responding to any request from an individual to exercise their rights under a data privacy or data security law or regulation;~~ (v) ~~Comply with all applicable data privacy and data security laws including, but not limited to, Cal. Civ. Code 1798.100. et seq;~~ (vi) Notify Company if it believes that it can no longer meet the obligations of this Section 10.M; and (vii) Implement and maintain reasonable and appropriate security procedures and practices designed to protect the Personal Information from unauthorized access, destruction, use, modification, or disclosure; (viii) ~~Notify Company immediately after becoming aware of any loss, unauthorized or unlawful processing, destruction, damage, alteration, or unauthorized disclosure of, or access to, the Personal Information (a “Security Breach”), and cooperate with Company in the event of a Security Breach including by sharing information relevant to the Security Breach;~~ and/or (ix) ~~Allow and contribute to reasonable audits by Company, including inspections by the Company or its auditor, to verify Franchisee’s compliance with data processing and security obligations and applicable data protection statutes and regulations~~ Applicable Data Protection Laws.

3. For purposes of this Section 10.M, “Security Incident” means any actual or reasonably suspected unauthorized disclosure, release, access, or acquisition of Personal Information. In the event of any Security Incident, Franchisee shall notify Company immediately but no later than forty-eight (48) hours after Franchisee or any of its vendors become aware of a Security Incident. Such notifications shall include, at a minimum, the following information to the extent known by Franchisee and as it becomes available: (i) detailed description of the Security Incident, (ii) the date or estimated date of the Security Incident, (iii) the date range of the Security Incident within which the Security Incident occurred, (iv) the type of Personal Information that was the subject of the Security Incident, whether the notification was delayed as a result of a law enforcement investigation, and (v) the identity of each impacted individual. Franchisee shall take immediate action to investigate the Security Incident and shall use industry standard, reasonable efforts to mitigate the effects of any such Security Incident. Franchisee shall also provide Company with reasonable assistance to satisfy any legal obligations (including obligations to notify impacted individuals and any data protection regulator) of Company in relation to such Security

## Incident.

4. To the extent Franchisee's activities require a restricted transfer (as such term is defined under Applicable Data Protection Laws) of Personal Information to Company, such restricted transfer shall be undertaken pursuant to a legal mechanism for transfer as approved under Applicable Data Protection Laws (which legal mechanism may include, without limitation, the entry into standard contract clauses for restricted transfers).

5. ~~3-~~Franchisee further agrees and certifies that it will not: (i) Sell, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information to another business or a third party for monetary or other valuable consideration; (ii) Retain, use, disclose, collect, sell, or otherwise process Personal Information for any purpose other than for the specific purpose of, and as necessary for, performing services for Company pursuant to a written agreement(s). For clarity, Franchisee may not retain, use, or disclose the Personal Information for any other commercial purposes or outside of the direct business relationship between Franchisee and Company; (iii) Combine the Personal Information that it receives from Company with the Personal Information that it receives from another company or business (or that it collects from its own interaction with individuals), except if expressly permitted to do so by Company or required to do so by law; and/or (iv) Share, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information for the purpose of cross-context behavioral advertising.

6. ~~4-~~This Section 10.M will survive expiration or termination of this Agreement and any other agreement(s) that may exist between Franchisee and Company (or its subsidiaries or affiliates). Existing terms in such agreement(s) remain in effect except that this Section 10.M controls in the event of a conflict with such terms. In the event of a breach of this Section 10.M, Company may take reasonable and appropriate steps to stop and remediate the unauthorized use by Franchisee of Personal Information. Franchisee will make available to Company all information requested by Company to demonstrate Franchisee's compliance with the obligations set out in this Section 10.M.

N. National Programs. We have established or intend to soon establish certain National Programs, including enterprise accounts, corporate accounts, and e-commerce programs, which may require you to offer certain services to customers we refer to you, subject to our then-current requirements. Franchisee must obtain e-commerce certification from us as a pre-requisite to participation in National Programs. To be eligible to service National Program customers, you will be required to enter into the then-current form of any e-commerce addendum or participation agreement we require. We reserve the right to discontinue any National Program at any time at our sole option.

## 11. MARKETING

A. Integrated Marketing Brand Fund. During the Term of this Agreement, you will pay to us for deposit in the System's integrated marketing brand fund (the "AIM Brand Fund") a fee contribution (the "AIM Brand Fund Fee") in the amount of two and one-half percent (2.5%) of Gross Sales, subject to a yearly minimum AIM Brand Fund contribution and a yearly cap (the "AIM Brand Fund Cap") as set forth in this Section 11.A. During each Royalty Year (as defined in Section 6.C.3), you must pay us AIM Brand Fund Fees equal to at least the minimum amounts set forth below (the "Minimum AIM Brand Fund Fee"):

Royalty Year	Minimum <u>AIM Brand Fund</u> Fee
Effective Date until beginning of Royalty Year 1	\$0
Royalty Year 1	<del>\$5,714.29</del> \$7,000
Royalty Year 2	<del>\$8,571.43</del> \$10,000
Royalty Year 3	<del>\$11,428.57</del> \$13,750

Royalty Year 4	<del>\$14,285.71</del> <u>\$17,500</u>
Royalty Years 5-10	<del>\$17,142.86</del> <u>\$21,250</u>

The Minimum AIMBrand Fund Fee is calculated based upon Royalty Year periods. If in any Royalty Year, you have not paid AIMBrand Fund Fees to us in an amount that is equal to or in excess of the amount of the Minimum AIMBrand Fund Fee for such year, then you must pay to us an amount equal to the difference between the Minimum AIMBrand Fund Fee for such year and the amount of AIMBrand Fund Fees paid during such year (the “AIMBrand Fund Fee Catch-Up Payment”). You will pay us the AIMBrand Fund Fee Catch-Up Payment within thirty (30) days of the end of the applicable Royalty Year. Your contributions to the AIMBrand Fund are subject to a yearly cap (the “AIMBrand Fund Cap”) as follows: (i) for the first ALPHAGRAPHSICS®AlphaGraphics Business Center you operate, the AIMBrand Fund Cap is ~~\$19,453~~22,060 per year and (ii) if you operate any additional ALPHAGRAPHSICS®AlphaGraphics Business Centers, your AIMBrand Fund Cap is ~~\$9,667~~10,962 per year for each additional ALPHAGRAPHSICS® Business Center. We may change the applicable AIMBrand Fund Cap at our option, but we will not increase the applicable AIMBrand Fund Cap by more than ten percent (10%) per year (in addition to any CPI adjustment increase described in Section 19.N). If you sign this Agreement in ~~2022~~2024, the AIMBrand Fund Cap will change as of January 1, ~~2023~~2025 based on the increase in CPI for ~~2022~~2024. If you sign this Agreement on or after January 1, ~~2023~~2025, then, notwithstanding anything in this Agreement to the contrary, the AIMBrand Fund Cap applicable until the end of the ~~2023~~2025 fiscal year will reflect the increase in CPI for ~~2022~~2024. The AIMBrand Fund Fee is due and payable each month at the same time as the Royalties based on Gross Sales of the prior month. We will place all AIMBrand Fund Fees we receive in the AIMBrand Fund and will manage the AIMBrand Fund. We also will contribute to the AIMBrand Fund for each ALPHAGRAPHSICS®AlphaGraphics Business Center that we or our Affiliates operate in the United States at the same percentage rate as a majority of the franchisees in the System must pay to the AIMBrand Fund. Reasonable disbursements from the AIMBrand Fund will be made solely to pay expenses we incur in connection with the general promotion of the Marks and the System, including for lead generation and sales promotion, creative design costs to produce marketing and advertising materials, the cost of formulating, developing and implementing advertising, marketing promotional materials and public relations campaigns; programs and efforts to increase patronage of ALPHAGRAPHSICS®AlphaGraphics businesses and business development; and the reasonable costs of administering the AIMBrand Fund, including the cost of employing advertising agencies to assist us and providing promotional brochures and advertising materials to ALPHAGRAPHSICS®AlphaGraphics Business Centers and to regional and local advertising cooperatives, as well as accounting expenses and the actual costs of salaries and fringe benefits paid to our employees engaged in administration of the AIMBrand Fund. The AIMBrand Fund is not a trust or escrow account, and we have no fiduciary obligations regarding the AIMBrand Fund.— We cannot ensure that you or any individual franchisee in the System will benefit directly or on a pro rata basis from the future placement of any such advertising in its local market. We may spend in any fiscal year an amount greater or less than the aggregate contributions of ALPHAGRAPHSICS®AlphaGraphics Business Centers to the AIMBrand Fund in that year. We may, through the AIMBrand Fund, furnish you with approved local marketing plans and materials on the same terms and conditions as we impose on plans and materials we furnish to other franchisees in the System. We will determine the methods of advertising, media employed, and scope, contents, terms and conditions of advertising, marketing, promotional and public relations campaigns and programs. Upon written request, we will provide you an annual unaudited statement of the receipts and disbursements of the AIMBrand Fund for our most recent fiscal year.

B. Local Advertising and Business Promotion. While we currently do not have a local advertising requirement, we reserve the right to require you to conduct local advertising in the future. If we do so, in addition to the AIMBrand Fund Fee due under Section 11.A above, you will spend at least the amount we designate, which will not exceed one and one half percent (1.5%) of Gross Sales during each Royalty Year on “approved” advertising and promotional activities for the Franchised Business Center. Within ninety (90) days after the end of the calendar year you will provide us with an accounting of the funds that you have spent for approved local advertising for the preceding Royalty Year. If you fail to spend the minimum amount required under this Section 11.B during the Royalty Year for approved local advertising, you will deposit with us the difference between what you should have spent for approved advertising during the Royalty Year and what you actually spent for approved advertising during the Royalty Year. We

will deposit that amount in the ~~AIM~~Brand Fund or spend it in the Protected Area at our option. For purposes of this Section, advertising and promotional activities are “approved” if they comply with Section 11.E below.

C. Regional Cooperative Advertising. We reserve the right to designate regional advertising markets, to establish regional cooperative advertising programs with regional advertising councils and to establish the bylaws and other rules under which such councils will operate. You must participate in, support and contribute a proportionate share, but no more than an amount equal to one percent (1%) of the Gross Sales for the Franchised Business Center, of the cost of regional cooperative advertising programs we either designate, or which we approve if initiated by franchisees in the System. Your contributions to regional advertising cooperatives will be credited toward your local advertising obligations, if any, described in Section 11.B above.

D. Online Directory Advertising. You must, at your expense, list and advertise the Franchised Business Center in the online directories we direct, using our standard forms of listing. The cost of advertising will be credited towards your local advertising obligations, if any, as described in Section 11.B above. You may promote your Franchised Business Center and participate in social media campaigns in accordance with our written policies and procedures.

E. Approved Advertising, Media Plans and Business Promotion Materials. We may develop, and make available to you, local business media planning assistance. If we do so, you must use our recommended media plan in promoting the Franchised Business Center or otherwise develop, and obtain our advance written approval to, an alternative media/promotion plan. In addition, you will use only our approved advertising and promotional materials approved by us in promoting the Franchised Business Center. If you desire to use any advertising or promotional materials in promoting the Franchised Business Center which we previously have not approved, you must obtain written approval from us before using any such materials, which approval will not be unreasonably withheld. If we do not respond within fifteen (15) days from the date we receive your proposed materials, you may use such materials provided they otherwise comply with this Agreement. If we later determine that your advertising materials do not satisfy our then-current advertising and promotional standards, you will immediately cease using such materials upon written Notice from us.

F. Participation in Certain Programs and Promotions. You will use your best efforts to promote and advertise the Franchised Business Center and will participate in all advertising and promotional programs we establish in the manner we direct. You will have the right to advertise and sell your products and services at the prices you determine, provided such prices are consistent with our general marketing and advertising guidelines.

G. Sales and Marketing Incentive Package. If you are a New Business Center franchisee, we will provide you with a sales and marketing incentive package (“Sales and Marketing Incentive Package”) in the amount of \$5,000.00. This package will include items as determined by us to enhance the opening of your Franchised Business Center, such as an opening campaign, transition support, grand opening event expenses, and/or marketing support. We may consult with you on the items to be included in this package, but we will make the ultimate decision on what will be included. If we agree, then you may pay for the items included in this package and we will reimburse you; otherwise, we will pay for the items included in this package on your behalf. This package may include our general and administrative expenses in administering such efforts. You must use the Sales and Marketing Incentive Package within 12 months of the opening of the Franchised Business Center or its availability will expire, and you will not receive any credits or further reimbursements. You must be in full compliance with this Agreement and all other related agreements to be eligible to receive benefits from this Sales and Marketing Incentive Package. Notwithstanding the foregoing, we will not provide you with any Sales and Marketing Incentive Package if you are an existing AlphaGraphics franchisee as of the Effective Date purchasing an additional Franchise and you elect not to purchase our Opening/Reopening Performance Package under Section 6.B.1.

## **12. RECORDS AND REPORTS**

A. Accounting and Records. During the Term of this Agreement, you will, at your expense, maintain and retain for a minimum of three (3) years from the date of their preparation, complete and accurate books, records and accounts (using such methods of bookkeeping and accounting as we may require) relating to the Franchised



Business Center (the “Records”), in the form and manner we direct in the Operations Manual, System Standards or otherwise in writing.

You must use any accounting and/or recordkeeping software we designate periodically. The Records will include the following: (i) daily cash reports; (ii) cash receipts journal and general ledger; (iii) cash disbursements journal and weekly payroll register; (iv) monthly bank statements and daily deposit slips and canceled checks; (v) all tax returns relating to the Business and of each of the Owners; (vi) suppliers’ invoices (paid and unpaid); (vii) monthly balance sheets and profit and loss statements; and (viii) such other records and information as we periodically may request. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. You grant us the right of continuous access to your accounting and recordkeeping software and all data processed from it and any other accounting and financial services you use. You will be permitted to preserve Records and submit reports electronically, consistent with our requirements. All such reports and statements shall be prepared and delivered to us in the English language. We will have the right to use and disclose all data derived from any and all reports, records and information concerning you, including financial information (but excluding the disclosure of your or your Owners’ tax returns), provided to or gathered by us.

B. Reports and Tax Returns. You must complete and grant us access to the following financial information, reports and/or information: (i) on or before the fifth (5th) business day of each calendar month following the effective date of this Agreement, a statement of the Franchised Business Center’s Gross Sales for the immediately preceding calendar month; (ii) on or before thirty (30) days after the end of each calendar month, on an accrual basis, a profit and loss statement for the Franchised Business Center for the immediately preceding calendar month and year-to-date, and a balance sheet as of the end of such month; (iii) within ninety (90) days after the end of each calendar year, an annual profit and loss statement and source and use of funds statement for the Franchised Business Center for the year and a balance sheet for the Franchised Business Center as of the end of the year, which must be prepared by an independent certified public accountant or a qualified bookkeeper either of which we approve in writing; and (iv) within ten days (10) days after we request them of you for a good business reason, a copy of your income federal and state income tax returns (for you and each of your Owners), sales tax returns and payroll tax returns. Upon request, you also will provide to us copies of all Records and other information and supporting documents as we designate. All financial statements, reports and information must be on forms we approve and signed and verified by you.

C. Annual Profit Plans. You will prepare and submit to us on or before November 30th of each year, an annual profit plan for the Franchised Business Center for the upcoming calendar year as required by us for that calendar year, containing information required by us, including, among other things, goals and your specific objectives for improving sales and marketing, operations and financial performance.

### 13. INSPECTION AND AUDITS

A. Our Right to Inspect the Business. To determine whether you are complying with this Agreement, we may, at any time during business hours and without prior Notice to you, inspect the Franchised Business Center. You will fully cooperate with our representatives making any inspection and will permit our representatives to take photographs or videotapes of the Franchised Business Center and to interview employees of the Franchised Business Center.

B. Our Right to Examine Books and Records. We may, at all reasonable times and without prior Notice to you, examine, audit, or request copies of the Records, including the books, records and state and/or federal income tax records and returns of any Owner. You must maintain all Records and supporting documents at all times at the Franchised Business Center premises. You will make financial and other information available at a location we reasonably request, and will allow us (and our agents) full and free access to any such information at the Franchised Business Center.

You also must make copies of any Records we request and deliver those Records to us or our designee. You otherwise will fully cooperate with our representative and independent accountants hired to conduct any examination or audit.

C. Result of Audit; Unreported Gross Sales. If any examination or audit discloses an understatement of Gross Sales, you will pay to us, within fifteen (15) days after receipt of the examination or audit report, the Royalties and any ~~AM~~Brand Fund Fees due on the amount of the understatement, plus interest (at the rate provided in Section 6.F above) from the date originally due until the date of payment. You must reimburse us for the cost of the audit or examination, including the charges of any independent accountants and the travel expenses, room and board and compensation of our employees, if: (i) an examination or audit is necessary because you failed to timely provide required information; or (ii) any examination or audit results in a determination that Gross Sales for any month are understated by greater than one percent (1%). The foregoing remedies are in addition to all other of our remedies and rights under Applicable Law.

#### 14. COVENANTS

A. Non-Solicitation of Customers. Neither you nor any of your Owners will, during the Term, and for a period of two (2) years thereafter, directly or indirectly divert or attempt to divert any business, account, or Customer to any Competitive Business.

B. Covenant Not To Compete During Term. You and your Owners acknowledge the covenants set forth in this Section 14 are given for the purchase and sale of a business or the assets of a business. You further acknowledge you will receive valuable specialized training, confidential information, and our trade secrets, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques from us. You and each of your Owners will not, during the Term of this Agreement, directly or as an employee, agent, consultant, partner, officer, director, manager, member, or shareholder of any other Person, own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business in the United States, except: (i) with our prior written consent; (ii) other ~~ALPHAGRAPHS~~AlphaGraphics Business Centers that you operate under and in compliance with other franchise agreements with us; or (iii) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

C. Post-Term Covenant Not To Compete. You and each of your Owners will not, for a period of two (2) years after this Agreement expires or is ~~earlier~~ terminated (or with respect to an Owner, from the date such Owner ceases to be an Owner as defined under this Agreement), directly or as an employee, agent, consultant, partner, officer, director, manager, member, or shareholder of any other Person, engage in, be connected with, have any interest in, or assist any Person engaged in any Competitive Business within a five (5) mile radius of any ~~ALPHAGRAPHS~~AlphaGraphics Business Center, or within the Protected Area; provided, however, that this Section 14.C will not apply to: (1) other ~~ALPHAGRAPHS~~AlphaGraphics Business Centers that you operate under and in compliance with other franchise agreements with us; or (2) the ownership of securities listed on a stock exchange or traded on the over-the-counter market that represent one percent (1%) or less of that class of securities.

The two-year time period described in this Section 14.C will be tolled for any period during which you are in breach of the covenants or any other time period during which we seek enforcement of this Agreement. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement.

D. Injunctive Relief. You agree that damages alone cannot adequately compensate us if there is a violation of any covenant in this Section 14 in that injunctive relief is essential for our protection. You therefore agree that we may seek injunctive relief without posting any bond or security, in addition the remedies that may be available to us at equity or law, if you or anyone acting on your behalf violates any covenant in this Section 14. The covenants stated in this Section 14 will survive the termination or expiration of this Agreement.



## 15. TRANSFER

A. By Us. This Agreement is fully assignable by us and benefits our successors and assigns. Any such assignment will require the assignee to fulfill our obligations under this Agreement.

B. Your Assignment to Corporation or Limited Liability Company. You may assign this Agreement to a corporation or a limited liability company that conducts no business other than the Franchised Business Center (or the operation of other ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers under other franchise agreements with us), provided you meet the following conditions: (i) the assigning franchisee actively manages the Franchised Business Center and owns at least seventy percent (70%) of the ownership interest in the corporation or limited liability company; (ii) you and all owners of the assignee Entity sign the Guaranty Agreement attached hereto as Schedule E; (iii) you provide us thirty (30) days' prior written Notice before the proposed date of assignment of this Agreement to the corporation or limited liability company; (iv) you provide to us a certified copy of the articles of incorporation, operation agreement, organizational documents, a list of all shareholders or members having beneficial ownership, reflecting their respective interest in the assignee Entity; and (v) the organizational documents and all issued and outstanding stock or membership certificates will bear a legend, in a form acceptable to us, reflecting or referring to the assignment restrictions stated in Section 15.C below. You will not pay a Transfer Fee for an assignment under Section 15.B.

C. Your Transfer, Assignment, or Sale. You understand that we have granted the Franchise under this Agreement in reliance upon your individual or collective character, aptitude, attitude, business ability and financial capacity. You (and your Owners) will not transfer (whether voluntary or involuntary), assign or otherwise dispose of, in one or more transactions, the Franchised Business Center, substantially all or all of the assets of the Franchised Business Center, this Agreement or any Controlling Interest in you ("Transfer") unless you obtain our prior written consent (except as provided in Section 15.B above). We will not unreasonably withhold our consent to an assignment, provided you comply with any or all of the following conditions which we may deem necessary:

1. All of your accrued monetary obligations to us, our Affiliates or to third party creditors have been satisfied, you have submitted to us all required reports financial statements, tax returns and other documents requested by us and you otherwise are in good standing under this Agreement;

2. The transferee (and the Managing Owner) is approved by us and demonstrates to our satisfaction that ~~he/she meets~~they meet our managerial, financial and business standards for new franchisees, possesses a good business reputation and credit rating, and has the aptitude and ability to operate the Franchised Business Center. You understand that we may communicate directly with the transferee during the transfer process to respond to inquiries, as well as to insure that the transferee meets our qualifications;

3. The transferee enters into a written agreement, in a form satisfactory to us, assuming and agreeing to discharge all of your obligations and covenants under this Agreement for the remainder of the Term or, at our option, signs our then-current standard form of franchise agreement which may contain materially different terms and conditions than this Agreement;

4. The transferee successfully completes the initial training program required of new franchisees;

5. If required, the lessor of the Franchised Business Center premises consents to your assignment or sublease of the premises to the transferee;

6. The transferee-franchisee pays us a transfer fee in the amount of Forty~~Eight~~Nine Thousand ~~Nine~~Seven Hundred Fifty Dollars (~~\$48,950~~transfer fee49,750) (the "Transfer Fee"). The Transfer Fee is due at the time we grant our conditional consent to the transfer or when the transferee-franchisee signs the agreement required under Section 15.C.3, whichever is earlier. Payment of the Transfer Fee will relieve the transferee-franchisee of the obligation to pay the Initial Franchise Fee. If the proposed transferee has been: (a) an existing ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics franchisee, or (b) an Owner of a Controlling Interest in you or another

~~ALPHAGRAPHS<sup>®</sup> AlphaGraphics~~ Business Center, then the Transfer Fee shall be reduced to Twenty-Four Thousand ~~Four~~Eight Hundred Seventy Five Dollars (~~\$24,475~~24,875). If the proposed transferee is: (a) a first or second degree relative of you or an Owner of a Controlling Interest in you, or (b) an employee of you, another ~~ALPHAGRAPHS<sup>®</sup> AlphaGraphics~~ Business Center, or of ours, then the Transfer Fee shall be reduced to ~~Fourteen Thousand Four Hundred Dollars (\$14,400.00)~~25% of the then-current Transfer Fee;

7. The transferee agrees to remodel, modernize and redecorate the Franchised Business Center premises and to replace and modernize the equipment, supplies, fixtures, indoor and outdoor signs, and equipment used at the Franchised Business Center so that the Franchised Business Center reflects the then-current physical appearance and System Standards applicable to new ~~ALPHAGRAPHS<sup>®</sup> AlphaGraphics~~ Business Centers;

8. We have approved the material terms and conditions of such Transfer, and if you or any Owner finances any part of the sale price of the transferred interest, you and/or your Owners have agreed that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by you or your Owners in the assets of the Franchised Business Center are subordinate to the transferee's obligations to make payments and other amounts due to us and our Affiliates and otherwise to comply with this Agreement;

9. You (and each Owner) sign a general release, in form and substance satisfactory to us, of any and all claims against us and our Affiliates, officers, directors, employees and agents, except to the extent limited or prohibited by Applicable Law;

10. We approve the material provisions of the assignment or sale of assets which assignment or sale cannot permit you to retain a security interest in this Agreement or any other intangible asset; and

11. You (and each Owner) sign an agreement, in form satisfactory to us, in which you and each Owner covenants to observe the post-termination covenant not to compete and all other applicable post-termination obligations, and to assign to the transferee all telephone numbers, business email addresses and Online Sites you have used in the operation of the Franchised Business Center.

We may expand upon, and provide more details related to, the conditions for transfer and our consent as described in this Section 15, and may do so in the Operations Manual or otherwise in writing.

D. Your Death or Disability. If you, or your Managing Owner or an Owner with a Controlling Interest, die or are Permanently Disabled, the executor, administrator or other personal representative, or the remaining Owners, must appoint a competent Managing Owner acceptable to us within a reasonable time, not to exceed thirty (30) days, from the date of death or Permanent Disability. The appointed Managing Owner must satisfactorily complete our designated training program. If a Managing Owner we approve of is not appointed within thirty (30) days after your death or permanent disability, we may, but are not required to, immediately appoint a Managing Owner to maintain Franchised Business Center operations on your behalf until an approved assignee can assume the management and operation of the Franchised Business Center. Our appointment of a Managing Owner does not relieve you of your obligations, and we will not be liable for any debts, costs, or Losses and Expenses incurred in operating the Franchised Business Center or to any of your creditors for any products, materials, supplies or services purchased by the Franchised Business Center while it is managed by our appointed Managing Owner. We may charge a reasonable fee for management services and may cease to provide management services at any time.

If you, or your Managing Owner or any Owner with a Controlling Interest, die or are Permanently Disabled, your executor, administrator, or other personal representative must transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a Person we approve. Such transfers, including transfers by devise or inheritance will be subject to conditions contained in Section 15.C above.

E. Public or Private Offerings. Subject to Section 15.C above, if you (or any of your Owners) desire to raise or secure funds by the sale of securities (including common or preferred stock, bonds, debentures or general

or limited partnership interests) in you or any of your Affiliates, you agree to submit to us any written information we request before its inclusion in any registration statement, prospectus or similar offering circular or memorandum and must obtain our written consent to the method of financing before any offering or sale of securities. Our written consent will not imply or represent our approval respecting the method of financing, the offering literature submitted to us or any other aspect of the offering. No information respecting us or any of our Affiliates will be included in any securities disclosure document, unless we furnish the information in writing in response to your written request, which request will state the specific purpose for which the information is to be used. Should we object to any reference to us or any of our Affiliates in the offering literature or prospectus, the literature or prospectus will not be used unless and until our objections are withdrawn. We assume no responsibility for the offering.

The prospectus or other literature utilized in any offering must contain the following language in boldface type on the first textual page:

“NEITHER ALPHAGRAPHS, INC. NOR ANY OF ITS AFFILIATES IS DIRECTLY NOR INDIRECTLY THE ISSUER OF THE SECURITIES OFFERED. NEITHER ALPHAGRAPHS, INC. NOR ANY OF ITS AFFILIATES ASSUMES ANY RESPONSIBILITY RESPECTING THIS OFFERING AND/OR THE ADEQUACY OR ACCURACY OF THE INFORMATION CONTAINED HEREIN. NEITHER ALPHAGRAPHS, INC. NOR ANY OF ITS AFFILIATES ENDORSES OR MAKES ANY RECOMMENDATION RESPECTING THE INVESTMENT CONTEMPLATED BY THIS OFFERING.”

F. Our Right of First Refusal. If you or your Owners at any time during the Term of this Agreement desire to sell or assign for consideration the Franchised Business Center, a Controlling Interest or more in you or all or substantially all of your assets, you or your Owners must obtain a bona fide, executed written offer from a responsible and fully disclosed purchaser and must deliver a copy of the offer to us. We have the right, exercisable by written Notice delivered to you or your Owners within thirty (30) days following receipt of the proposed offer, to purchase the interest in the Franchised Business Center or your Owner’s ownership interest for the price and on terms contained in the offer. We may substitute cash for any non-cash form of payment proposed in the offer and will have a minimum of sixty (60) days to prepare for closing. If we do not exercise our right of first refusal, you or your Owners may complete the sale to the proposed purchaser under the terms of the offer, provided you and the Owners otherwise comply with this Section 15. If the sale to the proposed purchaser is not completed within one hundred twenty (120) days after delivery of the offer to us, or if there is a material change in the terms of the sale, we again have the right of first refusal.

## 16. TERMINATION RIGHTS

A. Franchisor’s Termination of Franchise Agreement - Grounds. You will be in default, and we may, at our option, terminate this Agreement, as provided herein, if any of the following occurs (each, an “Event of Default”): (1) you (or the Managing Owner) fail to satisfactorily complete the initial training program or fail to open and commence operations of the Franchised Business Center by the Opening Deadline; (2) you violate any material provision or obligation of this Agreement; (3) you or any of your managers, directors, officers or any Owner or your Managing Owner make a material misrepresentation or omission in the application for the Franchise; (4) you or any of your managers, directors, officers, any Owner or your Managing Owner are convicted of, or plead guilty to or no contest to a felony, a crime involving moral turpitude, or any other crime or offense that we believe will injure the System, the Marks or the goodwill associated therewith, or if we have proof that you have committed such a felony, crime or offense; (5) you fail to comply with the material requirements of the System or the material standards of uniformity and quality for the products and services as described in the Operations Manual, and System Standards or as we have established in connection with the System; (6) you fail to timely pay Royalties, Minimum Royalties (subject to Section 6.C.4(b)-(c)), ~~AIM~~Brand Fund Fees, Managed Services Fees or any other obligations or liabilities due and owing to us or our Affiliates or suppliers approved by us as a source for required items or fail to timely pay any marketing regional cooperative obligations; (7) you are insolvent within the meaning of any applicable state or federal law; (8) you make an assignment for the benefit of creditors or enter into any similar arrangement for the disposition of your assets for the benefit of creditors; (9) you voluntarily or otherwise “abandon” (as defined below) the Franchised Business Center; (10) you are involved in any act or conduct which materially

impairs or otherwise is prejudicial to the goodwill associated with the name “~~ALPHAGRAPHS~~AlphaGraphics” or any of the Marks or the System; (11) you or an Owner make an unauthorized assignment or Transfer of this Agreement, the Franchised Business Center or an ownership interest in you; (12) you develop or use an unapproved website in connection with the Franchised Business Center or otherwise conduct any unauthorized activity on the Internet or other Online Sites relating to the Franchised Business Center in violation of Section 7.C above; (13) your lease for the Franchised Business Center premises expires or is terminated for any reason (unless, through no fault of you, the lessor of the premises in which the Franchised Business Center is located refuses to renew your lease and you relocate within the Protected Area to a site approved by us within ninety (90) days thereafter); (14) makes any unauthorized use of Confidential Information or fails to provide us with access to Customer Data and Customer Artwork; (15) you violate any federal, state or local health, safety or sanitation law, ordinance, code or regulation; (16) you breach the provisions of Section 10.L; (17) you willfully and materially falsify any Records, report, statement, or other written data furnished to us either during the franchise application process or after you are awarded a franchise. Any Records or reports submitted under Section 12.B will be conclusively deemed to be materially false if it understates Gross Sales by more than one percent (1%); or (18) you or your Affiliate defaults under an area development agreement with Company or another franchise agreement (or a franchise agreement for a Commonly Owned Franchised Business Center) with Company, and such default (if curable) is not cured within the time specified in such agreement. The term “abandon” means your failure to operate the Franchised Business Center during regular business hours for a period of three (3) consecutive days without our prior written consent unless such failure has been approved by us in writing or is due to a Force Majeure Event.

B. Procedure Upon Franchisee’s Default. Except as described below, you will have thirty (30) days, or such longer period as Applicable Law may require, after you receive from us a written Notice of Event of Default within which to remedy such Event of Default, and to provide satisfactory evidence thereof to us. If you fail to correct the Event of Default within that time (or such longer period of time as Applicable Law may require), this Agreement will terminate without further Notice to you effective immediately when the thirty (30) day period (or such longer period as Applicable Law may require) expires. You will have five (5) days, or such longer period as Applicable Law may require, after you receive from us a written Notice of Event of Default within which to remedy any monetary Event of Default. If you fail to correct the Event of Default under item (6) of Section 16.A above and to provide satisfactory evidence thereof to us within that time (or such longer period of time as Applicable Law may require), this Agreement will terminate without further Notice to you effective immediately when the five (5) day period (or such longer period as Applicable Law may require) expires. You will have seventy-two (72) hours after you receive from us a written Notice of Event of Default to remedy any Event of Default under item (15) of Section 16.A. We may terminate this Agreement immediately upon delivery of written Notice to you, with no opportunity to cure, if the termination results from any of the following: (i) you fail to comply with one or more material requirements of this Agreement on three (3) separate occasions within any twelve (12) month period; (ii) notwithstanding anything to the contrary in this Section 16.A., you fail to pay the Minimum Royalties required under Section 6.C.4 and you have previously made at least three Catch-Up Payments; (iii) the nature of your breach makes it not curable; (iv) you willfully and repeatedly deceive Customers relative to the source, nature or quality of services provided; or (v) any default under items (3), (4), (7), (8), (9), (10), (11), (12), (14), (16) or (17) in Section 16.A above. Upon breach of an area development agreement or another franchise agreement with you or your Affiliates (or under a franchise agreement for a Commonly Owned Franchised Business Center), and failure to remedy such breach (if curable) within the time period provided in such area development agreement or franchise agreement, we may terminate this Agreement immediately upon delivery of written Notice to you, with no opportunity to cure.

C. Applicable Law. If the provisions of this Section 16 are inconsistent with Applicable Law, the Applicable Law will apply.

17. **FRANCHISOR RIGHTS AND FRANCHISEE OBLIGATIONS UPON TERMINATION OR EXPIRATION**

A. **Post-Term Duties.** If this Agreement expires or is terminated for any reason you will:

1. Within ten (10) days after termination, pay all amounts due and owing to us or our Affiliates, including all Royalties, ~~AIM~~Brand Fund Fees, Managed Services Fees, and accrued interest due under this Agreement or any other agreement between you and us or our Affiliate;

2. Discontinue using, and return to us by first class prepaid United States mail any hard copies of, the Operations Manuals, System Standards, and any other manuals, advertising materials, and all other printed materials relating to the operation of the Franchise;

3. Cease using and assign to us or, at our election, disconnect the telephone number, facsimile number or other numbers for the Franchised Business Center. You acknowledge that we have the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and you authorize us, and appoint us as your attorney-in-fact, to direct the telephone company and all listing agencies to transfer such numbers and listings to us. You will sign Schedule D regarding this right;

4. Cease using and assign to us all email addresses used in connection with the operation of the Franchised Business Center;

5. Remove from the Franchised Business Center premises and at our option destroy or return to us all signs, posters, fixtures, decals, wall coverings and other materials that are distinctive of an ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center or bear the name "~~ALPHAGRAPHS~~AlphaGraphics" or other Marks or any name or mark substantially similar to any Marks;

6. Discontinue using the MIS System, including the return of all Customer Data, any PrintSmith key access codes or materials relating to the MIS System, and provide us or our designee with full access to your computer system hard drive to delete the MIS System and related content;

7. Take all necessary action to cancel all fictitious or assumed name or equivalent registrations relating to your use of any of the Marks;

8. Immediately cease using Confidential Information (including all Customer Data) in any format it may appear and return to us (or, at our option, destroy or electronically delete) all electronic or hard copy documents in your possession that contain Confidential Information;

9. Make such changes and modifications to the exterior and interior appearance of the Franchised Business Center that we designate including, but not limited to: (i) repainting the premises with totally different colors; (ii) removing all signs and other materials bearing the name "~~ALPHAGRAPHS~~AlphaGraphics" and other Marks; (iii) removing from the premises all fixtures which are indicative of ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Centers; and (iv) taking such other action, at your expense, as we may reasonably require on our then-current de-identification checklist; and

10. Comply with all other applicable provisions of this Agreement, including the non-compete provisions.

11. Upon expiration or ~~earlier~~ termination of this Agreement for any reason, your right to use the name "~~ALPHAGRAPHS~~AlphaGraphics" and the other Marks and the System will immediately terminate and you, the Managing Owner, and all other Owners will not in any way identify yourself/themselves as being associated with us. If you fail to immediately initiate modifications to the premises of the former Franchised Business Center or complete such modifications within any period of time we deem appropriate, you agree that we or our designated agents may enter the premises of the former Franchised Business Center to make such modifications, at your risk and

expense, without responsibility for any actual or Consequential Damages to your property or others, and without liability for trespass or other tort or criminal act.

**B. Our Option To Purchase Business.**

If this Agreement expires or is terminated for any reason, we have the option, upon thirty (30) days' written Notice from the date of expiration or termination: 1) to purchase from you all of the Purchased Assets relating to the Franchised Business Center; and 2) to obtain an assignment of your lease (if applicable) for the Franchised Business Center premises (or, if an assignment is prohibited, a sublease for the full remaining term under the same provisions as your lease). We may assign this option to purchase and the right to obtain an assignment of leases separate and apart from the remainder of this Agreement.

The purchase price for the Purchased Assets will be the fair market value. If the Parties cannot agree on the fair market value of the Purchased Assets, the fair market value will be determined by three (3) independent appraisers who collectively will conduct one (1) appraisal. We will appoint one appraiser, you will appoint one appraiser, and the two Party-appointed appraisers will appoint the third appraiser. The Parties agree to select their respective appraisers within fifteen (15) days after the date we determine that the Parties are unable to agree on the fair market value of the Purchased Assets, and the two Party-appointed appraisers are obligated to appoint the third appraiser within fifteen (15) days after the date on which the last of the two Party-appointed appraisers was appointed. The Parties will each bear the cost of their respective appraisers and will share equally the reasonable fees and expenses of the third appraiser chosen by the two Party-appointed appraisers. The appraisers are obligated to complete their appraisal within thirty (30) days after the third appraiser's appointment.

The purchase price, as determined above, will be paid in cash at the closing of the purchase, which will occur no later than sixty (60) days after we deliver Notice of our election to purchase the Purchased Assets, unless the fair market value is determined by appraisal, in which case the closing will occur within a reasonable time, not to exceed sixty (60) days, after the results of the appraisal are made available. At the closing of the purchase, you will deliver documents transferring good and merchantable title to the Purchased Assets, free and clear of all liens, encumbrances and liabilities, to us or our designee. We may set off against and reduce the purchase price by all amounts you owe to us or our Affiliates.

**C. Payment of Amounts Owed to Us and Our Affiliates; Liquidated Damages**

You agree to pay us within ten (10) days after the effective date of expiration or termination of this Agreement, or such later date that the amounts due to us are determined, all amounts owed to us with any interest due thereon and all other amounts owed to our Affiliates which are then unpaid, including all Losses and Expenses.

You acknowledge and agree that you do not have the right to terminate this Agreement. You also acknowledge and agree that, in the event of any termination of this Agreement, prior to the expiration of this Agreement, such termination will result in lost future revenue and profits to us, harm to the goodwill associated with the Marks, and increased costs to us to re-develop or re-franchise the Protected Area in which the Franchised Business Center is located. You further acknowledge and agree that the actual damages that would be incurred by us in the event of any early termination of this Agreement would be difficult to calculate or ascertain and that the Liquidated Damages provided for in this Agreement are fair and reasonable under the circumstances, and not a penalty. Accordingly, in the event that this Agreement is terminated, you will pay to us within ten (10) days after the effective date of such termination, as Liquidated Damages, the greater of:

1. Three (3) years of Royalties calculated as follows: the average monthly Royalties of the immediately preceding twenty-four (24) months of Royalties that were due from you, multiplied by thirty-six (36), or if you have operated for less than twenty-four (24) months, the average monthly Royalties of all of the immediately preceding months in which you have operated, multiplied by thirty-six (36); or



2. Three (3) years of Minimum Royalties calculated as follows: the aggregate amount that you would have been required to pay in Minimum Royalties for the thirty-six (36) months following such termination if this Agreement had not been terminated.

You acknowledge and agree that the Liquidated Damages specified in this Section 17.C are only intended to compensate us for the early termination of this Agreement and our loss of revenue resulting therefrom, but not for any other breach of this Agreement by you or any other Losses and Expenses incurred by us, and all other applicable remedies under the law remain available to us.

D. Customer Data and Artwork. Upon expiration or termination of this Agreement, you will cease to use all artwork, files, templates and other materials in any form or medium provided to you by Customers of the Franchised Business Center or otherwise collected by you (“Customer Artwork”) and all Customer Data and immediately deliver all Customer Artwork and all Customer Data to us, and you acknowledge and agree that we may make any use of Customer Artwork and Customer Data that we deem fit after such termination or expiration, including providing Customer Artwork and Customer Data to another franchisee in the System. You acknowledge and agree that, as between you and us, Customer Artwork and Customer Data are solely and exclusively owned by us.

E. Continuing Obligations. All obligations of us and you which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect following its expiration or termination and until they are satisfied or expire.

## 18. DISPUTE RESOLUTION

A. Mediation. Before any Party may bring an action in court or against the other, or commence an arbitration proceeding (except as noted in Section 18.C below), the Parties must first meet to mediate the dispute. The mediation will be held in the city in which our headquarters are located at the time of the mediation. Any such mediation will be non-binding and will be conducted by the American Arbitration Association in accordance with its then-current rules for mediation of commercial disputes. The mediator will be appointed in accordance with the Rules and Regulations of the American Arbitration Association unless the Parties agree on a mediator in writing within ten (10) days after either Party gives written Notice of mediation. The mediation hearing will be held within twenty (20) days after the mediator has been appointed.

B. Arbitration. Except as qualified below, any dispute between you (including your Affiliates and Owners) and us or any of our Affiliates arising under, out of, in connection with or in relation to this Agreement or any of its related agreements, the Parties’ relationship, or the Franchised Business Center must be submitted to binding arbitration under the authority of the Federal Arbitration Act and must be determined by arbitration administered by the American Arbitration Association pursuant to its then-current commercial arbitration rules and procedures. Any arbitration must be on an individual basis and the Parties and the arbitrator will have no authority or power to proceed with any claim as a class action or otherwise to join or consolidate any claim with any other claim or any other proceeding involving third parties. If a court determines that this limitation on joinder of or class action certification of claims is unenforceable, then this entire commitment to arbitrate will become null and void and the Parties will submit all claims to the jurisdiction of the courts. The arbitration must take place in the city in which our headquarters are located at the time of the dispute. The arbitrator must follow the law and not disregard the terms of this Agreement or its related agreements. A judgment may be entered upon the arbitration award by any state or federal court. The decision of the arbitrator will be binding and final on all Parties to the dispute; however, the arbitrator may not under any circumstances: (i) stay the effectiveness of any pending termination of this Agreement, (ii) assess punitive damages; or (iii) make an award which extends, modifies or suspends any lawful term of this Agreement or its related agreements or any reasonable standard of business performance that we set.

C. Injunctive Relief. Notwithstanding Sections 18.A and 18.B above, you recognize that your failure to comply with the terms of this Agreement or any related agreements with us could cause irreparable damage to us and/or to some or all other franchisees of the System. Therefore, if you breach or threaten to breach any of the terms of this Agreement, we will be entitled to an injunction restraining such breach and/or a decree of specific

performance, without showing or proving any actual damage, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining such equitable relief, until such time as a final and binding determination is made by the arbitrators.

D. Cost and Attorneys' Fees. In the event of any legal proceeding regarding a breach or default under this Agreement, the prevailing Party in that proceeding (as determined by the trier-of-fact) is entitled to receive from the other Party all Losses and Expenses, including reasonable legal fees incurred by the prevailing Party in connection with obtaining any remedy available to the prevailing Party for any violation of this Agreement and in obtaining injunctive or other relief to enforce any provisions of this Agreement.

E. Claims. You and your Owners and Guarantors may not assert any claim or cause of action against us or our Affiliates relating to this Agreement or its related agreements or the Parties relationship after the shorter period of the applicable statute of limitations or one (1) year following the effective date of termination of this Agreement.

## 19. ENFORCEMENT

A. Severability. All provisions of this Agreement are severable and this Agreement will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein and partially valid and enforceable provisions will be enforced to the extent valid and enforceable. If any applicable and binding law or rule of any jurisdiction requires a greater prior Notice of the termination of or non-renewal of this Agreement than is required, or the taking of some other action not required, or if under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any specification, standard or operating procedure we prescribe is invalid or unenforceable, the prior Notice and/or other action required by law or rule will be substituted for the comparable provisions.

B. Waiver of Obligations. Our waiver of any breach by you, or our delay or failure to enforce any provision of this Agreement, will not be deemed to be a waiver of any other or subsequent breach or be deemed an estoppel to enforce our rights respecting that or any other breach.

C. Rights of Parties are Cumulative. The rights that the Parties have are cumulative and no exercise or enforcement by either Party of any right or remedy precludes such Party from exercising or enforcing any other right or remedy to which such Party is entitled by law or equity to enforce.

D. Venue. Any claims, controversies or disputes arising out of or related to this Agreement that are not subject to arbitration as provided above, will be brought in the federal or state district court encompassing the city in which our headquarters are located at the time of the lawsuit. Any such action shall be conducted on an individual basis, and not as part of a consolidated, common, or class action, and you and your Owners waive any and all rights to proceed on a consolidated, common, or class basis. The Parties irrevocably consent to the jurisdiction of such courts and waive all rights to challenge personal jurisdiction and venue. We may bring an action under this Section 19.D without first submitting an action to mediation or arbitration under Sections 18.A or 18.B: (1) for injunctive relief; or (2) for monies you owe us.

E. Governing Law. Subject to our rights under federal trademark laws and the Parties' rights under the Federal Arbitration Act respecting Section 18 above, this Agreement will be governed by and construed under the laws of the state of Colorado, except for its conflicts of laws rules.

F. Binding Effect. This Agreement is binding upon the Parties and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by the Parties. Except as provided above, this Agreement is not intended, and will not be deemed, to confer any rights or remedies upon any Person not a party to this Agreement.

G. Interpretation of Rights and Obligations. The following provisions will apply to and govern the interpretation of this Agreement, the Parties' rights under this Agreement and the relationship between the Parties:

1. Our Rights. Whenever this Agreement provides that we have a certain right or a decision is in our discretion, that right or discretion is absolute and the Parties intend that our exercise of that right or discretion will not be subject to any limitation or review. We have the right to operate, administrate, develop and change the System in any manner that is not specifically precluded by the provisions of this Agreement.

2. Our Reasonable Business Judgment. Except as noted in Section 19.H.1, whenever we reserve discretion in a particular area or where we agree or are required to exercise our rights reasonably or in good faith, we will satisfy our obligations whenever we exercise "reasonable business judgment" in making our decision or exercising our rights. A decision or action by us will be deemed to be the result of "reasonable business judgment," even if other reasonable or even arguably preferable alternatives are available, if our decision or action is intended to promote or benefit the System generally even if the decision or action also promotes a financial or other of our individual interests. Examples of items that will promote or benefit the System include enhancing the value of the Marks, improving Customer service and satisfaction, improving product quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System. Neither you nor any third party (including a trier of fact) will substitute their judgment for our reasonable business judgment.

H. DAMAGE WAIVER. EACH OF THE PARTIES, ON BEHALF OF THEMSELVES AND THEIR RESPECTIVE AFFILIATES, AGREE TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO OR A CLAIM FOR ANY PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES AGAINST THE OTHER PARTY AND AGREE THAT IN THE EVENT OF ANY DISPUTE BETWEEN THE PARTIES, EACH PARTY WILL BE LIMITED TO THE RECOVERY OF DIRECT OR GENERAL DAMAGES SUSTAINED BY THE OTHER PARTY.

I. JURY WAIVER. THE PARTIES IRREVOCABLY WAIVE ANY AND ALL RIGHTS TO A TRIAL BY JURY IN CONNECTION WITH THE ENFORCEMENT OR INTERPRETATION BY JUDICIAL PROCESS OF ANY PROVISION OF THIS AGREEMENT, AND IN CONNECTION WITH ALLEGATIONS OF STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION OR SIMILAR CAUSES OF ACTION OR ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF LOSSES AND EXPENSES FOR BREACH OF THIS AGREEMENT. THIS WAIVER APPLIES IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER IN LAW OR IN EQUITY, BROUGHT BY EITHER PARTY AGAINST THE OTHER PARTY, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

J. Force Majeure. If any Party fails to perform any obligation under this Agreement due to a Force Majeure Event, such failure will not be deemed a breach of this Agreement, provided such Party uses reasonable efforts to perform such obligations as soon as possible under the circumstances. Either Party will, within five days of the occurrence of the Force Majeure Event, give a written Notice to the other Party stating the nature of the Force Majeure Event, its anticipated duration and any action being taken to avoid or minimize its effect. Any suspension of performance will be of no greater scope and of no longer duration than is reasonably required; provided, however, if the suspension of performance continues for 90 days from the date of the occurrence and such failure to perform would constitute an Event of Default of this Agreement in the absence of such Force Majeure Event, we may terminate this Agreement immediately by giving written Notice to you, subject to Applicable Law. In no event will your inability to pay amounts due under this Agreement constitute a Force Majeure Event and no Force Majeure Event will operate to excuse you from the prompt payment of any fee or other payment due to us pursuant to this Agreement.

K. Notice of Our Potential Profit. We advise you that we and/or our Affiliates periodically may make available to you goods, products, software, and/or services for use in the Franchised Business Center on the sale, lease, or license of which we and/or our Affiliates may make a profit and/or receive a credit, rebate or other incentive. We further advise you that we and our Affiliates periodically may receive consideration (including credits, rebates and incentives) from suppliers and manufacturers respecting sales, leases, or licenses of goods,

products, software, or services to you or in consideration for products, software, or services provided or rights licensed to such Persons. You agree that we and our Affiliates will be entitled to such profits and consideration.

L. Security Interest. You hereby grant us a security interest in all of the contracts and contract rights, accounts, equipment, furniture, fixtures, signage, other tangible personal property and other operating assets and the general intangibles of the Franchised Business Center, whenever acquired, to secure the prompt payment and performance of your payment and other obligations under this Agreement and its related agreements with us or any of our Affiliates. You authorize us to file a UCC-1 Financing Statement and other documents as may be reasonably required by our attorney to perfect and record our security interest in the secured assets.

M. Entire Agreement. The “Introduction” section, the schedule(s) to this Agreement, and that certain Disclosure Acknowledgment Agreement signed contemporaneously by you are a part of this Agreement, which represents the entire agreement of the Parties, and there are no other oral or written understandings or agreements between us and you relating to the subject matter of this Agreement. Nothing in this Agreement is intended to disclaim the representations we made in the Franchise Disclosure Document we provided to you.

N. Consumer Price Index. Notwithstanding anything to the contrary contained in this Agreement, all specified fees, contributions and dollar amounts referred to in this Agreement may be increased periodically by us, but in no event more than once during each of our fiscal years, to reflect increases in the Metropolitan Area Consumer Price Index for Urban Consumers - All Items (“CPI”), as published by the U.S. Department of Labor, or in a successor index. For the avoidance of doubt, if you sign this Agreement in ~~2023~~2024, no initial increase will occur earlier than January 1, ~~2024~~2025 based on the increase in CPI for ~~2023~~2024. If you sign this Agreement on or after January 1, ~~2024~~2025, then, notwithstanding anything in this Agreement to the contrary, all specified fees, contributions and dollar amounts referred to in this Agreement may be adjusted to reflect the increase in CPI for ~~2023~~2024.

O. Accounting and Legal Fees. If we are required to engage legal counsel in connection with your failure to pay when due amounts owing to us or our Affiliates, to submit when due any reports, information or supporting records, or otherwise to comply with this Agreement, you will reimburse us for any and all accounting and legal fees and expenses, whether incurred prior to, in preparation for, or in contemplation of, the filing of any written demand, claim, action, hearing or proceeding to enforce the obligations of this Agreement.

P. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Additionally, this Agreement may be executed and transmitted by electronic means, all of which will be considered an original for all purposes.

## 20. ACKNOWLEDGEMENTS

A. Success of Franchised Business Center. The success of the business venture you intend to undertake under this Agreement is speculative and depends, to a large extent, upon your (or your Managing Owner’s) ability as an independent businessperson, and your active participation in the daily affairs of the Franchised Business Center as well as other factors. We do not make any warranty, express or implied, as to the potential success of the business venture.

B. Independent Investigation. You acknowledge that you have entered into this Agreement after making an independent investigation of our operations.

C. Receipt of Documents. You represent and acknowledge that you have received our Franchise Disclosure Document at least fourteen (14) calendar days before the date of the execution of this Agreement. In addition, you represent and acknowledge that you received from us a copy of this Agreement with all material blanks filled in at least seven (7) calendar days before the date of execution of this Agreement.

D. Other Franchises. You acknowledge that other franchisees in the System have or will be granted

franchises at different times and in different situations, and further acknowledge that the provisions of such franchises may vary substantially from those contained in this Agreement.

## **21. NOTICES**

Except as otherwise provided in this Agreement, any Notice, demand or communication provided for herein must be in writing and signed by the Party serving the same and either delivered personally or by a reputable overnight service or deposited in the United States mail, service or postage prepaid, and if such Notice is a notice of default, by registered or certified mail or overnight delivery. The notice address for each Party is set forth in the Summary Page. Either Party may specify a different address by notifying the other Party of the different address.

*[SIGNATURES APPEAR ON THE FOLLOWING PAGE]*

The Parties have signed this Agreement on the date stated in the first paragraph and this Agreement is effective on the Effective Date.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

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

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

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

\_\_\_\_\_

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Print Name]



**SCHEDULE A**  
**TO ALPHAGRAPHS® FRANCHISE AGREEMENT**

**AUTHORIZED LOCATION AND PROTECTED AREA  
OF THE FRANCHISED BUSINESS CENTER**

This Schedule is attached to and is an integral part of the **ALPHAGRAPHS®** [AlphaGraphics](#) Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “Agreement”), between the Parties.

1. Authorized Location. The Parties agree that the Authorized Location of the Franchised Business Center will be located at the following premises: \_\_\_\_\_

You acknowledge that our acceptance of a proposed location does not represent a warranty or representation of any kind as to the suitability of the proposed location for an **ALPHAGRAPHS®** [AlphaGraphics](#) Business.

2. Protected Area. The Protected Area is the geographical area described as follows:

**COMPANY/US:**  
**ALPHAGRAPHS, INC.**

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

**FRANCHISEE/YOU:**

If an Entity:

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

Title: [President] [Managing Member] [General Partner]

If an individual:

[Print Name]

[Print Name]

**SCHEDULE B**  
**TO ALPHAGRAPHS<sup>®</sup> FRANCHISE AGREEMENT**  
**FRANCHISEE AND ITS OWNERS**

1. **Managing Owner.** The Managing Owner is \_\_\_\_\_.
2. **Form of Franchisee.** [Check (a), (b) or (c).]

- ☐ (a) **Proprietorship.** The Owner(s) of Franchisee (is) (are) as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

- ☐ (b) **Corporation, Limited Liability Company or Partnership.** Franchisee was incorporated or formed on \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted business under any name other than its corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of Franchisee's directors and officers, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer

Position(s) Held

_____	_____
_____	_____
_____	_____
_____	_____

- ☐ (c) **Trust.** Franchisee is a revocable trust formed under the laws of the State of \_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_. The grantor, trustee and primary income beneficiary of Franchisee is \_\_\_\_\_, a resident of the State of \_\_\_\_\_. The governing trust instrument of Franchisee consists of a trust agreement dated \_\_\_\_\_, \_\_\_\_\_ and the following amendments, if any:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The trustee has full power and authority to bind the trust estate and to execute, deliver and perform, or cause the execution, delivery and performance, of all of Franchisee's obligations. In the event of the trustee's resignation, death or inability to act, the following are named to act as successor trustee, in this order:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

Franchise Agreement  
Schedule B – Page 1

ALPHAGRAPHS, INC.

FRANCHISE AGREEMENT | ~~2023~~2024

89377174.1

94779068.1

Please include current and contingent beneficiaries under the trust, and their respective interests therein:

Current beneficiaries:

(a) \_\_\_\_\_

(b) \_\_\_\_\_

(c) \_\_\_\_\_

Contingent beneficiaries:

(a) \_\_\_\_\_

(b) \_\_\_\_\_

(c) \_\_\_\_\_

3. **Owners.** The following list includes the full name and mailing address of each Person who is an Owner (as defined in the Agreement), and fully describes the nature of each Owner's interest.

Owner's Name and Address

Description of Interest

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**COMPANY/US:**  
**ALPHAGRAPHICS, INC.**

**FRANCHISEE/YOU:**

If an Entity:

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

If an individual:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**SCHEDULE C**  
**TO ALPHAGRAPHICS® FRANCHISE AGREEMENT**  
**PRINTSMITH® VISION SAAS LICENSE AND SUPPORT AGREEMENT**  
**(attached)**

Franchise Agreement  
Schedule C – Page 1

## SCHEDULE C

### **PrintSmith® Vision License and Support Agreement**

This License and Support Agreement (this “Agreement”) made and entered into by and between AlphaGraphics, Inc. (hereinafter “AG”) of 143 Union Boulevard, Suite 650 , Lakewood, Colorado 80228 and \_\_\_\_\_ of \_\_\_\_\_, \_\_\_\_\_ (hereinafter “Franchisee”).

### **RECITALS:**

- A. AG is licensed by EPS US, LLC (“EPS”), successor in interest to Electronics for Imaging, Inc., to license the PrintSmith® Vision Software Program (“Program”) to its franchisees.
- B. AG further licenses with EPS to provide support services to its franchisees for the maintenance and operation of the Program.
- C. Franchisee desires to license the Program from AG and receive support services, as described in this Agreement.

**NOW THEREFORE**, AG agrees to license the Program to Franchisee pursuant to the following terms and conditions:

1. **Grant of License.** AG hereby grants to Franchisee a non-exclusive, non-transferable license to use the Program. The term, “the Program”, as used herein, shall mean and include the PrintSmith® Vision Software Program platform chosen by Franchisee (either a PC Multi-Platform or Mac Platform) all modifications, upgrades or enhancements thereto, certain related documentation and written materials, all tangible components of the Program including, but not limited to, the tangible media upon which such Program is recorded, the database file structure of such Program and the hardware key, if applicable.

2. **Support to be Provided to Franchisee.** In consideration of the payment of the annual support fees set forth in Paragraph 3 of this Agreement, AG will contract with EPS to provide to Franchisee Support for the Program. The term, “Support” shall be defined to include (i) the response to telephone calls, facsimile messages and electronic mail messages via any means deemed reasonable in the sole discretion of AG to questions regarding the Program, and (ii) the provision to Franchisee of one copy of any customized training materials and/or manuals for the Program prepared and designated by AG and EPS for distribution to AlphaGraphics® franchisees under this Agreement, and any upgrades to the Program, to the extent any such upgrades are available and approved by AG. Support excludes any optional applications, as described in Section 9.

3. **License and Support Fee.** Franchisee shall pay to AG prior to shipment of the Program a one-time MIS license fee as specified in Franchisee and AG’s franchise agreement for the SaaS-based Macintosh or Windows multi-platform system with report-writing capabilities. Franchisee shall pay to AG a non-refundable Support Fee in the amount of ~~\$3,744~~\$3,871.32 each year (billed monthly through the Managed Services Program) during the term of this Agreement. The parties agree that AG shall have the right to modify the amount of the annual Support Fee at any time upon notice to Franchisee.



4. **Use of Program.** Franchisee shall not and shall not allow its employees or agents to:

- (a) sell, assign, lease, sublicense, market or commercially exploit in any way, the Program, the Customer Data (as defined below), or any other data generated by the use of the Program or any component thereof;
- (b) disclose or grant access to the Program, the Customer Data, or any other data generated by use of the Program or any component thereof to any third party;
- (c) modify the Program in any way; or
- (d) copy or reproduce the Program, the Customer Data, or any other data generated by the use of the Program or any component thereof, in any manner, except as provided by this Section of the Agreement. Nothing herein shall prohibit Franchisee from maintaining a back-up copy of such data, or the Program to the extent reasonably necessary to comply with local, state and federal laws and for usual and customary business purposes.

5. **Program is Owned by EPS.** The Program and accompanying written materials are the property of and have been copyrighted by EPS. Other than AG's federally registered trademarks which are displayed in the Program, all copyright, patent, trade secret, trademark and other intellectual and proprietary rights in the Program are and shall remain the valuable property of EPS. All of AG's federally registered trademarks appearing in the Program are and shall remain the property of AG. Franchisee agrees not to remove or omit any copyright or other proprietary notices from the Program. All upgrades to the Program shall be the property of EPS or AG. Ownership of all copies of the Program is retained by AG or EPS.

6. **Training Materials.** Customized training materials and/or manuals for the Program prepared by AG or EPS for distribution to Franchisee may be distributed to Franchisee in hard copy form or in digital form via any medium selected by AG. AG grants Franchisee a limited, non-transferrable license to use the training materials during the term of this Agreement.

7. **Ownership of Customer Data.** AG shall own all right, title and interest in and to all records and data processed by (or retained in the databases of) the Program including, without limitation, all client and customer lists, customer histories and all other customer-related data and information (the "Customer Data"). To the extent that the Customer Data is not deemed to be solely owned by AG, Franchisee shall assign, and hereby does assign, its entire right, title and interest in and to the Customer Data to AG.

8. **AG's Access to the Program.** AG will have the right at all times during the term of this Agreement to access the Program and to retrieve, analyze and use all Customer Data. AG shall also have the right to periodically download the Program and retrieve all Customer Data. In addition, AG shall have the right to use or disclose the Customer Data at any time and for any purpose without restriction. Upon any termination of this Agreement or termination or expiration of the Franchisee's Franchise Agreement, Franchisee shall have no further right to access or use the Program or the Customer Data unless Franchisee's Franchise Agreement expressly provides to the contrary.

9. **Optional Applications and PrintSmith Site.** EPS offers several optional add-on applications that are ancillary to (but not included in) the PrintSmith Software. Franchisee may wish to

purchase the optional add-on applications for use in Franchisee's business center, if such AG-approved add-on applications are approved for use by AG. Support for the AG-approved add-on applications is covered under this Agreement. Examples of add-on applications include Mac Multi-Platform Upgrade, licenses for additional "seats", bar code scanning, and PrintSmith Site. Should Franchisee elect to purchase a license for use of the PrintSmith application "PrintSmith Site" (which is not included in the PrintSmith Software described herein), Franchisee will be required to execute a "PrintSmith E-Commerce Site Agreement" (hereinafter "PrintSmith Site Agreement"). The PrintSmith Site Agreement includes terms and conditions that are in addition to the terms and conditions outlined in this Agreement.

10. **Confidentiality.** The Parties hereto agree that all training materials and/or manuals prepared by AG and provided to Franchisee in accordance with the terms of this Agreement shall be subject to the terms of the Confidential Information provision of the Franchisee's Franchise Agreement, which are hereby incorporated into this Agreement by reference as if fully set forth herein.

11. **Limitation of Liability.** AG does not represent or warrant to Franchisee, and hereby expressly disclaims any warranty, that the Program is error-free or that the operation and use of the Program by Franchisee will be uninterrupted or error-free. AG does not warrant that the Program is compatible with any equipment or software installation. AG will have no obligation or liability for any expense or loss incurred by Franchisee arising from the use of the Program. AG SHALL HAVE NO LIABILITY WITH RESPECT TO ITS OBLIGATIONS UNDER THIS AGREEMENT FOR ANY CONSEQUENTIAL, EXEMPLARY, INCIDENTAL, PUNITIVE OR INDIRECT DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF INCOME, USE OR INFORMATION, NOR SHALL THE LIABILITY OF AG EXCEED THE LICENSE FEES PAID UNDER THIS AGREEMENT. AG MAKES NO WARRANTIES, EXPRESS OR IMPLIED, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR PURPOSE.

12. **Indemnification.** Franchisee agrees to defend, indemnify and hold harmless AG and its employees, managers, directors, officers, principals, owners and agents from and against any losses arising out of or in connection with (A) Franchisee's misuse of the Program in violation of this Agreement; and (b) Franchisee's improper disclosure of Customer Data or any confidential or proprietary information owned by AG or EPS.

13. **Term.** This Agreement shall remain in effect until terminated by AG. AG shall have the right, at its sole discretion, to terminate this Agreement upon thirty (30) days prior written notice to Franchisee. In addition to the foregoing, AG shall have the right to terminate this Agreement in accordance with the terms of Section 14 of this Agreement.

14. **Termination.** In addition to its rights as set forth elsewhere in this Agreement, AG shall have the right to terminate this Agreement upon thirty (30) days written notice to Franchisee upon:

- (a) any violation or breach by Franchisee, its officers or employees of any provision of this Agreement or the Franchise Agreement, including, but not limited to, payment;
- (b) the voluntary or involuntary filing of a bankruptcy petition or similar proceeding under State law with respect to Franchisee; or

- (c) Franchisee's becoming insolvent or making any assignment for the benefit of creditors.

In addition, this Agreement shall automatically terminate upon (i) the termination or expiration of AG's license to the Program, or (ii) the termination or expiration of Franchisee's Franchise Agreement.

15. **Termination of this Agreement.** The termination of this Agreement shall automatically and without any further action by AG terminate and extinguish this license. Upon termination of this Agreement for any reason, Franchisee shall immediately return to AG, at Franchisee's expense, the Program and all back-up copies of the Program, the Customer Data and all back-up copies thereof, the hardware key, and all other materials or information which relate to the Program and its operation which have been provided to Franchisee by AG. In the event Franchisee fails to immediately comply with the foregoing, AG may enter Franchisee's premises without liability and remove the Program and all backup copies of the Program, the Customer Data and all backup copies thereof, the hardware key, and all other materials or information which relates to the Program and its operation which have been provided to Franchisee by AG. Sections 5 through 27 shall survive any termination or expiration of this Agreement.

16. **Taxes.** Franchisee shall, in addition to the payment required hereunder, pay all sales, use, transfer or other taxes whether national, state, or local, however designated, which are levied or imposed by reason of the transaction contemplated hereby; excluding, however, income taxes on profits which may be levied against AG. Franchisee shall reimburse AG for any amount of any such taxes or duties paid or accrued by AG as a result of this transaction.

17. **Arbitration.** All controversies, disputes or claims between the parties hereto related to this Agreement shall be arbitrated in accordance with the arbitration provisions of the Franchise Agreement between AG and Franchisee.

18. **Successor Program.** Upon the termination of this Agreement, and provided that Franchisee's Franchise Agreement has not been terminated, Franchisee shall be required to license, use and pay for any successor program designated by AG in writing.

19. **Entire Agreement.** Each party acknowledges that this Agreement constitutes the complete and exclusive statement of the terms and conditions between the parties with respect to the license of the Program to Franchisee and that this Agreement supersedes and merges all prior oral or written proposals, understandings and agreements, between the parties relating to this Agreement. This Agreement may not be modified or altered except by written instrument duly executed by both parties hereto.

20. **Force Majeure.** Neither party shall be liable to the other for any delay or failure to perform due to causes beyond its reasonable control. Performance times shall be considered extended for a period of time equivalent to the time lost because of any such delay.

21. **Governing Law.** This Agreement shall be interpreted and construed in accordance with the laws of the State of Colorado.

22. **Enforceability.** If any provision of this Agreement is invalid under any applicable statute or rule of law, it is to that extent to be deemed omitted.

23. **Assignment.** Franchisee may not assign or sub-license, without prior written consent of

AG, its rights, duties or obligations under this Agreement, in whole or in part, to any person or entity, which consent shall not be unreasonably withheld. Any such attempted assignment or sublicense shall be void and shall constitute a material breach of this Agreement.

24. **Notice.** Any notice provided pursuant to this Agreement shall be in writing and shall be deemed given (i) if by hand delivery, upon receipt thereof; (ii) if mailed, three (3) business days after deposit in the U.S. mail, postage paid, certified mail return receipt requested; or (iii) if sent by next business day delivery, one (1) day after being placed in the hands of a commercial courier service for next business day delivery. All notices shall be addressed to the parties at the respective addresses indicated herein.

25. **No Waiver.** The waiver or failure of either party to exercise any right in any respect provided for herein shall not be deemed a waiver of any further right hereunder.

26. **Remedies.** The rights and remedies of AG set forth in this Agreement are not exclusive and are in addition to any other rights and remedies available to it in law or in equity.

27. **Headings.** The Heading used in this Agreement are for reference only, do not form a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

28. **Execution in Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Additionally, this Agreement may be executed and transmitted by electronic means, all of which will be considered an original for all purposes.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement on the dates set forth below, with the Effective Date as the date signed by AG.

**ALPHAGRAPHS, INC.**

**FRANCHISEE**

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

Dated: \_\_\_\_\_

Dated: \_\_\_\_\_

**SCHEDULE D**  
**TO ALPHAGRAPHICS® FRANCHISE AGREEMENT**  
**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBER**

Franchise Agreement  
Schedule D – Page 1

## CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBER

ALPHAGRAPHS, INC., a Delaware corporation, with its principal offices at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80248 ("~~COMPANY~~Company"), and \_\_\_\_\_, a(n) \_\_\_\_\_ whose principal address is \_\_\_\_\_ ("~~FRANCHISEE~~Franchisee") have entered into a franchise agreement (the "Franchise Agreement") for the operation of an ~~ALPHAGRAPHS~~<sup>®</sup> AlphaGraphics Business Center (the "Franchise"). In consideration of the grant of the Franchise described in the Franchise Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, ~~FRANCHISEE~~Franchisee hereby assigns to ~~COMPANY~~Company all telephone, facsimile and other numbers (the "Telephone Numbers"), all telephone directory listings (the "Directory Listings") and all electronic addresses, domain names, networking accounts, online indicators, or other use of ALPHAGRAPHS<sup>®</sup> or any other trademark or service mark owned by ~~COMPANY~~Company (the "Other Indicators") used by ~~FRANCHISEE~~Franchisee in the operation of its Franchise. ~~COMPANY~~Company shall assume the performance of all of the terms, covenants and conditions of ~~FRANCHISEE~~Franchisee's agreements with the telephone company concerning such numbers and directory listings with the full force and effect as if ~~COMPANY~~Company had been originally issued the Telephone Numbers, Directory Listings and Other Indicators. ~~COMPANY~~Company agrees to hold this Assignment, and to only deliver it to the telephone company or other interested third parties upon the expiration or termination of the Franchise Agreement (except termination due to ~~COMPANY~~Company's breach).

ALPHAGRAPHS, INC.

FRANCHISEE

If an Entity:

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

\_\_\_\_\_

Title:

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

Title: [President] [Managing Member] [General Partner]

If an individual:

\_\_\_\_\_  
[Print Name]

\_\_\_\_\_  
[Print Name]

**SCHEDULE E**  
**TO ALPHAGRAPHICS® FRANCHISE AGREEMENT**  
**GUARANTY AND ASSUMPTION OF OBLIGATIONS**  
**(attached)**

Franchise Agreement  
Schedule E – Page 1



## GUARANTY AND ASSUMPTION OF OBLIGATIONS

In consideration of the execution of that certain Franchise Agreement of even date (the “Franchise Agreement”) by AlphaGraphics, Inc. (the “Company,” “we” or “us”), each of the undersigned (a “Guarantor”) personally and unconditionally guarantees to us, and our successors and assigns, for the Term (as defined in the Franchise Agreement) and thereafter as provided in the Franchise Agreement that \_\_\_\_\_ (the “Franchisee” or “you”) will timely pay and perform each and every undertaking, agreement and covenant stated in the Franchise Agreement and its related agreements; and agrees to be personally obligated by, and personally liable for the breach of, each and every provision in the Franchise Agreement and its related agreements.

Further, the undersigned, individually and jointly, hereby agree to be personally obligated by each and every condition and term contained in the Franchise Agreement and its related agreements, including but not limited to the Franchise Agreement non-compete provisions in Section 14 and the dispute resolution provisions contained in Section 18 and agree that this Guaranty and Assumption of Obligations (this “Guaranty”) will be construed as though the undersigned and each of them executed a Franchise Agreement containing the identical terms and conditions of the Franchise Agreement.

Each of the undersigned waives: (1) acceptance and Notice (as defined in the Franchise Agreement) of acceptance by us of the foregoing undertaking; (2) Notice of demand for payment of any indebtedness; (3) protest and Notice of default to any party respecting the indebtedness; (4) any right ~~he/she/they~~ may have to require that an action be brought against Franchisee or any other Person (as defined in the Franchise Agreement) as a condition of liability.

Each Guarantor consents and agrees that:

(1) Guarantor’s liability under this undertaking will be direct and independent of the liability of, and will be joint and several with, you and your other Guarantors;

(2) Guarantor will make any payment or perform any obligation required under the Franchise Agreement upon demand if Franchisee fails to do so;

(3) Guarantor’s liability hereunder will not be diminished or relieved by bankruptcy, insolvency or reorganization of Franchisee or any assignee or successor;

(4) Guarantor’s liability will not be diminished, relieved or otherwise affected by any extension of time or credit which we may grant to you, including the acceptance of any partial payment or performance, or the compromise or release of any claims;

(5) We may proceed against Guarantor and you jointly and severally, or we may, at our option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against you or any other Guarantor; and

(6) Guarantor will pay all reasonable attorneys’ fees and all costs and other expenses we incur in enforcing this Guaranty against Guarantor or any negotiations relative to the obligations hereby guaranteed.

Each of the undersigned has signed this Guaranty as of the same day and year as the Franchise Agreement was executed.

**GUARANTOR(S) (PERCENTAGE OF OWNERSHIP)**

_____	(     )
_____	(     )
_____	(     )
_____	(     )
_____	(     )
_____	(     )

**SCHEDULE F**  
**TO ALPHAGRAPHICS® FRANCHISE AGREEMENT**  
**LEASE ADDENDUM**  
**(attached)**

Franchise Agreement  
Schedule F – Page 1

## LEASE ADDENDUM

This Lease Addendum is entered into as of the date of the Lease Agreement by and between \_\_\_\_\_, ("Landlord") and \_\_\_\_\_ ("Tenant").

Landlord and Tenant are parties to that certain Lease of even date (the "Lease") covering the premises located at \_\_\_\_\_, which Tenant will use to operate an ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Center under a Franchise Agreement between Tenant and AlphaGraphics, Inc. ("Franchisor"). Landlord and Tenant desire to amend the Lease to protect the various interests of Franchisor.

In consideration of the foregoing and the promises contained in the Lease, the parties agree as follows:

1. Permitted Use. Landlord and Tenant agree that so long as the Franchise Agreement remains in effect, Tenant may use the Lease premises only for an ~~ALPHAGRAPHICS®~~ [AlphaGraphics](#) Business Center and Tenant may offer for sale and sell at the premises only those goods and services related to the franchised business which Franchisor approves. Landlord consents to Tenant's use of Franchisor approved signage for the ~~ALPHAGRAPHICS®~~ Business Center.

2. Notice of Default. Landlord will provide Franchisor, by a recognized tracked overnight delivery service at the address provided in Section 9 below, notice of any default under the Lease simultaneously with notice of any default under the Lease sent to Tenant before Landlord initiates any action to terminate the Lease or exercise any remedy for such default.

3. Cure. Either Tenant or Franchisor may cure defaults under the Lease and Landlord will accept performance of obligations due under the Lease, as specified in the Lease, by either Franchisor or Tenant. Franchisor will not, however, be under any obligation to cure any default and nothing herein will require Franchisor at any time to comply with or take any action under the provisions of the Lease.

4. Rights of Franchisor After Cure. If Franchisor commences cure of any default under the Lease within the cure period specified in any notice of default given under the lease, and if Franchisor thereafter diligently completes cure, Franchisor may, but will not be obligated to, give notice to Landlord and become Tenant under the Lease, in which event Landlord will not be entitled to terminate the Lease.

5. Assignment and Renewal. Landlord consents to an assignment or transfer of Tenant's rights under the Lease to Franchisor at any time during the term of the Lease; provided that such assignment or transfer is subject to Franchisor's written agreement to accept such assignment or transfer.

6. Right of Entry and Subordination. Landlord will give Franchisor access to the Lease premises at reasonable times on not less than 24-hours notice (or such shorter notice as may be reasonable when circumstances dictate) either to inspect the Lease premises for compliance with Franchisor's requirements, to remove from the Lease premises any items bearing Franchisor's marks or logos or to take other action permissible under the Agreements between Tenant and Franchisor. Landlord specifically subordinates any lien it may have in such items to Franchisor's rights as licensor of the marks or logos displayed on items.

Franchise Agreement  
Schedule F – Page 2

7. Vacating Premises. Upon vacating the Lease premises, or termination of the Franchise Agreement or Lease (whichever occurs first), Tenant must remove all signs and materials bearing any of the marks or logos.

8. Modifications. Landlord and Tenant may not execute or agree to any modification of the Lease affecting the rights of Franchisor as set forth in this Lease Addendum without the prior written approval of Franchisor.

9. Notices. Any notices to Franchisor hereunder will be sent to:

AlphaGraphics, Inc.  
143 Union Boulevard, Suite 650  
Lakewood, Colorado 80228  
(of the address of our headquarters  
as of the date of the notice)  
Attention: Legal Department

10. Benefit. Landlord and Tenant acknowledge that they enter into this Agreement for the express benefit of Franchisor and that Franchisor is an intended beneficiary hereof.

11. Supremacy. This Addendum shall control and supersede any inconsistent provision of the Lease.

The parties have signed this Agreement the day and year first above written.

**LANDLORD:**

**TENANT:**

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

**SCHEDULE G**

**~~2023~~2024 INCENTIVE RIDER TO  
ALPHAGRAPHICS® FRANCHISE AGREEMENT**

Franchise Agreement  
Schedule G – Page 1

**20232024 INCENTIVE RIDER TO  
ALPHAGRAPHICS® FRANCHISE AGREEMENT**

THIS 20232024 INCENTIVE RIDER ("Rider") is made and entered into this \_\_\_\_\_ (the "Effective Date"), between AlphaGraphics, Inc., a Delaware corporation, with a principal place of business at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228 ("Company," "we," "us" or "our"), and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, with a principal place of business at \_\_\_\_\_ ("Franchisee", "you" or "your").

**Introduction**

As of the Effective Date, you are signing (i) a Franchise Agreement ("Franchise Agreement" or "Agreement") with us, for a New, Acquire and Convert, or Conversion AlphaGraphics® Business Center, as indicated on the Summary Page of the Franchise Agreement, or (ii) a Franchise Agreement relating to your purchase of a Transfer Business Center following your prior execution of a Conditional Consent to Transfer and Release Agreement ("CCTA") in connection with a proposed transfer.

Prior to the Effective Date, you received your post-discovery day notice of approval from us on \_\_\_\_\_ or you are a multi-unit franchisee opening a new AlphaGraphics Business Center.

We wish to offer you, and you wish to accept, certain incentives described below. To that end, we and you wish to amend certain provisions of the Franchise Agreement and mutually agree as follows:

**Agreements**

1. **Amendment Governs; Capitalized Terms.** Except as expressly provided herein, the terms and conditions of the Franchise Agreement and the schedules, exhibits, attachments, and riders that are being executed by the parties in conjunction with the execution of the Franchise Agreement and this Rider will govern the relationship of the parties to the Franchise Agreement. To the extent that this Rider is inconsistent with any of the terms or conditions of the Franchise Agreement or such schedules, exhibits, attachments, or riders, the terms of this Rider will govern. Except as expressly amended by this Rider, all of the terms and conditions of the Franchise Agreement and all agreements related thereto will remain in full force and effect, expressly including the provision that all fees are earned when payable and non-refundable. Capitalized terms used, but not defined herein, have the meanings given to such terms in the Franchise Agreement.

2. **Incentive Eligibility.** In order to be eligible for the incentives set forth in this Rider, you must meet the following conditions: (i) you are executing a Franchise Agreement as of the Effective Date, and (ii) the Effective Date of the Franchise Agreement, or the CCTA in the case of a Transfer, is within thirty (30) days of the date you received your post-discovery day notice of approval from us as set forth in the Introduction above, or (iii) you are a multi-unit Franchisee opening a new AlphaGraphics Business Center. You understand and agree that all payments hereunder are fully earned and non-refundable when paid, in consideration of the administrative and other expenses incurred by us in entering into the Franchise Agreement, and for our lost or deferred opportunity to enter into a franchise agreement with others, as it also offsets some of our expenses for franchisee recruitment.



3. ~~2.~~ **New Business Center Franchisee.** If the Franchise Agreement is for a New Business Center ~~and you were not an existing AlphaGraphics franchisee on or before the Effective Date~~, then the provisions of this Paragraph 2 apply to the Franchise Agreement:

~~a. **Opening Deadline Extension.** The first sentence of Paragraph 4.F of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “You must complete development and be open for business at the Authorized Location for the Franchised Business Center within nine (9) months of the Effective Date of this Agreement.”~~

a. ~~b.~~ **Sales & Marketing Incentive Package.** The first sentence of Paragraph 11.G of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “At our expense, if you are a New Business Center Franchisee, we will provide you with a Sales and Marketing Incentive Package in the amount of \$7,500.00.” For the avoidance of doubt and notwithstanding the foregoing, we will not provide you with any Sales and Marketing Incentive Package if you are an existing AlphaGraphics franchisee as of the Effective Date purchasing an additional Franchise and you elect not to purchase our Opening/Reopening Performance Package under Paragraph 6.B.1 of the Franchise Agreement.

b. ~~e.~~ **Initial Franchise Fee Installment Payments.** ~~If the Effective Date of the Franchise Agreement is within thirty (30) days of the date you received your post-discovery day notice of approval from us (as set forth in the Introduction above), then, notwithstanding~~ Notwithstanding anything to the contrary in Paragraph 6.A of the Franchise Agreement, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~ half is due and payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee will be due and payable in nine (9) equal installments beginning on the first day of the calendar month following the Effective Date of the Franchise Agreement.

~~d. **Managed Services Program Fee Delay.** If the Effective Date of the Franchise Agreement is within thirty (30) days of the date you received your post-discovery day notice of approval from us (as set forth in the Introduction above), the last sentence of Paragraph 6.D of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “The Managed Services Fee is due on the first day of each calendar month, beginning with the seventh month after execution of this Agreement.”~~

c. **Reduced First Year Fees and Certain Prepaid Managed Services Program Fees.** Notwithstanding anything to the contrary in Sections 6 and 11.A of the Franchise Agreement, the following fees shall be reduced or prepaid as follows for the first year following the Effective Date of the Franchise Agreement: (i) Royalties shall be fixed at 3% of Gross Sales; (ii) the Brand Fund Fee shall be fixed at 1% of Gross Sales; (iii) the one-time initial MIS License Fee of \$15,000 is waived; (iv) the monthly PrintSmith® Vision fee shall be a prepaid fee in the amount of \$5,500, which fee covers the first 24 months (valued at \$7,200); (v) the one-time initial agOnline Fee of \$1,500 is waived; (vi) the monthly agOnline fee shall be a prepaid fee in the amount of \$7,200, which fee covers the first 24 months (valued at \$9,864); (vii) the initial one-time CRM fee of \$250 is waived; (viii) the monthly CRM fee shall be a prepaid fee in the amount of \$4,500, which fee covers the first 24 months (variable value between \$6,000-\$18,000). All prepayments set forth above are due and payable when you sign the Franchise Agreement.

4. ~~3.~~ **Acquire and Convert Franchisee.** If (i) the Franchise Agreement is for an Acquire & Convert Business Center; (ii) the Existing Center had over \$1,000,000.00 in annual Gross Sales during any consecutive twelve (12) month period between January ~~2020~~ 2022 and December ~~2021~~ 2023; and (iii)

Franchise Agreement  
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you close on the purchase of the Existing Center within six (6) months of the Effective Date (the “Closing”), then the following provisions of this Paragraph 3 apply to the Franchise Agreement effective upon the Closing:

a. Initial Franchise Fee Installment Payments. If the Effective Date of the Franchise Agreement is within thirty (30) days of the date you received your post-discovery day notice of approval from us (as set forth in the Introduction above), then, notwithstanding anything to the contrary in Paragraph 6.A of the Franchise Agreement, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~half is due and payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee will be due and payable ~~in nine (9) equal installments beginning on the first day of the calendar month following the Effective Date of the Franchise Agreement~~prior to attending Initial Owner Training.

b. Sales and Marketing Incentive Package. The first sentence of Paragraph 11.G of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “At our expense, we will provide you with a Sales and Marketing Incentive Package in the amount of \$2,500.00.” For the avoidance of doubt and notwithstanding the foregoing, we will not provide you with any Sales and Marketing Incentive Package if you are an existing AlphaGraphics franchisee as of the Effective Date purchasing an additional Franchise and you elect not to purchase our Opening/Reopening Performance Package under Paragraph 6.B.1 of the Franchise Agreement.

c. MIS License Fee Discount. Paragraph 6.B.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “When you open your Franchised Business Center, you will pay us a non-refundable one-time initial license fee of \$7,500 in connection with the PrintSmith® Vision License and Support Agreement in the form attached to this Agreement as Schedule C.” In addition, if the Existing Center being converted operated under non-PrintSmith® Vision software upon Closing, then the last sentence of Paragraph 6 of the Acquire and Convert/Conversion Rider to the Franchise Agreement is deleted in its entirety and replaced with the following: “You will pay a one-time initial license fee of Seven Thousand Five Hundred Dollars (\$7,500) as described in Section 3 of the PrintSmith® Vision License and Support Agreement and you also will pay the annual Support Fee as described therein.”

5. ~~4-Conversion Franchisee.~~ If the Franchise Agreement is for a Conversion Business Center, then the following provisions of this Paragraph 5 apply to your Franchise Agreement, subject to applicable Gross Sales amounts as provided below:

a. Initial Franchise Fee Installment Payments. If the Effective Date of the Franchise Agreement is within thirty (30) days of the date you received your post-discovery day notice of approval from us (as set forth in the Introduction above), then, notwithstanding anything to the contrary in Paragraph 6.A of the Franchise Agreement, the Initial Franchise Fee will be payable as follows: (1) ~~\$5,000~~half is due and payable when you sign the Franchise Agreement, and (2) the remaining balance of the Initial Franchise Fee will be due and payable in ~~ninesix~~ (96) equal installments beginning on the first day of the calendar month following the Effective Date of the Franchise Agreement.

b. AGOnline License Fee Waiver. Paragraph 6.B.3 of the Franchise Agreement is hereby deleted in its entirety.

c. Under \$700,000 Gross Sales – Royalty Waiver: Subject to Paragraph 5(f) below (which will govern if applicable), if the Existing Center had under Seven Hundred Thousand Dollars (\$700,000) in annual Gross Sales during any consecutive twelve (12) month period between January

Franchise Agreement  
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~~2020~~2022 and December ~~2021~~2023, and as long as you are in full compliance with the Franchise Agreement and all other related Agreements, a new sentence is hereby added at the end of Paragraph 6.C as follows: “If your Business Center is a Conversion, expressly subject to your full compliance with the terms and conditions of this Agreement, your obligation to pay Royalties is hereby waived for the first three (3) months following the opening date of the Business Center. Following the three (3) month anniversary of the opening date of the Business Center, you will pay Royalties to us as provided in Section 6.C.1 or 6.C.2 (as applicable) in the Franchise Agreement.”

d. Over \$700,000 Gross Sales – Opening and Sales Packages, MIS, Royalty Waiver. Notwithstanding Paragraph 5(e) above, if the Existing Center had over Seven Hundred Thousand Dollars (\$700,000) in annual Gross Sales during any consecutive twelve (12) month period between January ~~2020~~2022 and December ~~2021~~2023:

i. Reduced Opening/Reopening Performance Package. The first sentence of Paragraph 6.B.1 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “You will pay us \$5,000 for our opening/reopening performance package (“Opening/Reopening Performance Package”).”

ii. Sales and Marketing Incentive Package. The first sentence of Paragraph 11.G of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “At our expense, we will provide you with a Sales and Marketing Incentive Package in the amount of \$2,500.00.”

iii. MIS License Fee Discount. Paragraph 6.B.2 of the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “When you open your Franchised Business Center, you will pay us a non-refundable one-time initial license fee of \$7,500 in connection with the Print Smith® Vision License and Support Agreement in the form attached to this Agreement as Schedule C.” In addition, if the Existing Center being converted operated under non-PrintSmith® Vision software upon Closing, then the last sentence of Paragraph 6 of the Acquire and Convert/Conversion Rider to the Franchise Agreement is deleted in its entirety and replaced with the following: “You will pay a one-time initial license fee of Seven Thousand Five Hundred Dollars (\$7,500) as described in Section 3 of the PrintSmith® Vision License and Support Agreement and you also will pay the annual Support Fee as described therein.”

iv. Royalty Waiver. Paragraph 5(a) of the Acquire and Convert/Conversion Rider to the Franchise Agreement is hereby deleted in its entirety and replaced with the following: “Your obligation to pay Royalties is hereby waived for the first six (6) months following the opening date of the Business Center. Following the six (6) month anniversary of the opening date of the Business Center, we will reduce your Royalties for the remainder of your first two years following the opening date of the Business Center as follows: 2% of Gross Sales for the remainder of your first year and 4% of Gross Sales for the second year. Following the second-year anniversary of the opening date of the Business Center, you will pay Royalties to us as provided in Section 6.C.1 or 6.C.2 (as applicable) in the Franchise Agreement. The royalty waiver and reductions set forth in this Paragraph 5(a) are expressly subject to your full compliance with the terms and conditions of the Franchise Agreement.”

6. ~~5.~~ **Transfer Franchisee.** If (i) you executed a Conditional Consent to Transfer and Release Agreement (“CCTA”) in connection with a pending transfer, and (ii) the effective date of the CCTA is within thirty (30) days of the date you received your post-discovery day notice of approval from us (as set forth in the Introduction above), the access fee paid upon execution of the CCTA will be credited in full against the transfer fee and the remaining balance of the transfer fee will be due and

payable in ~~ninesix~~ (96) equal installments beginning on the first day of the calendar month following the Effective Date; provided, however, that the incentive in this section shall not apply to existing AlphaGraphics franchisees.

*[Signature Page Follows]*

The parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHICS, INC.**

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

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Print Name]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Print Name]

**SCHEDULE H**  
**TO ALPHAGRAPHICS® FRANCHISE AGREEMENT**  
**CENTER DEVELOPMENT PACKAGE**

Franchise Agreement  
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**SCHEDULE H  
TO ALPHAGRAPHS® FRANCHISE AGREEMENT**

**CENTER DEVELOPMENT PACKAGE**

**ITEMS WE WILL PROVIDE FOLLOWING YOUR PAYMENT OF CENTER DEVELOPMENT FEE – All equipment comes with Install and Training**

**Digital Printing Cut Sheet**

- **Automation software package**
  - Pitstop Pro
  - Automation software (currently Switch or Jobflow)
  - Ultimate Imposstrip for imposing
- **Guillotine Cutter**
  - MBM cutter 25 1/2". Includes cutter, side tables, Knife/Sticks
- **Tabletop Drill**
  - MBM 25 Single Spindle Tabletop drill. Includes 1/4" bit, sharpener and honing stone
  - All Drilling needs. Drill Fiber Plug, Drill Bit Wax, Drill Pick, Drill Bits.
- **Wiro Binder/Punch**
  - Rhin-O-Tuff 4012 punch, coil die and 3:1 wire die.
  - Finish @ Coil Manual Inserter, with coil pliers
- **Padding Press and Equipment**
  - Padding Press on Casters. Padding Supplies: 1 qts white padding compound, (2) 2" padding brushes, pad separating knife, 4" pad counter
- **Shrink Wrapper**
  - 18" Lbar sealer w/ 500' 16" shrink wrap film
- **Saddle Stich Unit**
  - Lassco Single Head Electric Saddle Stich Unit. 1/4" Staples x 5 & 5/16" Staples x 5
- **Folder**
- **Pouch Laminator**
  - Prolam Ultra - pouch laminator - Laminating pouches; 11.5x17.5" 5ml

**Creaser**

- Creaser
- Pantone Matching System BRIDGE Guide

**BINDING SUPPLIES**

**COILS**

COIL BINDs - 3/8" black double wire loop, 3:1 pitch, 32 loops  
8mm black coils, 12", 4:1 pitch  
12mm black coils, 12", 4:1 pitch  
16mm black coils, 12", 4:1 pitch  
22mm black coils, 12", 4:1 pitch  
28mm black coils, 12", 4:1 pitch  
32mm black coils, 12", 4:1 pitch

**COVERS**

8.5 x 11 - Clear Plastic Covers (Med. Wt.)  
8.5 x 11 - Leatherette Covers – Black

**MISC BINDING SUPPLIES**

Packing Tape - Clear

Franchise Agreement  
Schedule H – Page 2



Job Ticket Holders - 11x14 size

## **MAILING & PACKAGING SUPPLIES**

Assorted Bags  
Corrugated Boxes  
Business Card Boxes

## **agSigns Digital & Finishing**

- Epson 80600 All starting Inks
- Onyx Thrive or Fiery XF
- Graphtec Plotter - (54")
- BASE ONLY: GFP 363TH Top Heat Laminator, Gfp FT - 60 Backlit Table
  - 5x10 Frame Production Table. Self Healing Mat to fit 5x10' table
- BenchTop Cutter

## **agSIGNS SHOP TOOLS (BINDERY & FINISHING)**

Corner Rounder with 1/2" Die  
Bench Grommet Machine, Die Set for Grommet Machine  
Mobile Rack  
Sooper Edge Safety Ruler 76"  
Sooper Edge Safety Ruler 40"  
3M Gold Squeegee  
Avery Blue Felt Squeegee  
X-Acto Knife - Cushion Blade Knife  
Olfa Snap-Off Graphics Knife  
Sooper Tac Roller  
Body Guard Knife

## **agSIGNS SUPPLIES**

Frame - 20x30"

Self-Piercing Grommets  
#11 Replacement Knife Blades  
Olfa Snap-Off Graphics Blades  
Rtape 4075RLA - Application Tape 24"  
Rtape 4075RLA - Application Tape 36"  
Rtape 4075RLA - Application Tape 48"  
BannerUps Starter Kit  
Media Core ID Cards  
Sooper Clips  
Banner Hem Tape; 2-sided  
3M Performance Masking Tape 1"  
3/4" Velcro Hook  
3/4" Velcro Loop  
Application Fluid  
Rapid Remover

## **WIDE FORMAT/AG SIGNS (INVENTORY)**

Sihl Prime Art Poster Paper 54"x165'  
Key Banner 13 oz 54"x115' Matte  
Rollup 8 mil film 36"x30meter  
Cut Vinyl white 4 mil 24"x30'

Franchise Agreement  
Schedule H – Page 3

ALPHAGRAPHICS, INC.

FRANCHISE AGREEMENT | ~~2023~~2024

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Cut Vinyl red 4 mil 24"x30'  
 3M 40C - Print Media - Adhesive Vinyl  
 3M IJ35C - Print Media - Adhesive Vinyl  
 Avery 2611 Wall Media - Adhesive Vinyl  
 Luster laminate  
 Foam Core white 3/16  
 Coroplast white 4 mm  
 PVC white 3 mil

### **IT/Hardware/Technology**

- 4 PC's constructed specifically for your center (Front Desk/Production/Etc.)
- ~~Synology NAS DiskStation with 4 4Gb drives~~
- APC Back-UPS Pro 1000 (battery for server)
- APC ~~Surge Arrest Essential~~ Surge Protectors
- Firewall
- NETGEAR 24-Port Gigabit Unmanaged Switch
- 10' Category 5e Ethernet Cable (black)
- 3' Category 5e Ethernet Cable (black)
- ~~Xerox VersaLink C405/DN Color Duplex Network~~ [Front Kiosk](#) Laser Printer - Multifunction
- Sophos Central Endpoint Advanced - subscription license
- ~~Star Micronics 743~~ Receipt Printer
- Compact Cash Drawer with Cable
- ~~Star 743~~ Power Supply

### **Millwork/Center Furnishings**

- Front Counter/Kiosk 13903
- 6' Table Tops (For top of wire shelving)
- L-shaped and/or Standard Computer Workstation Desk
- Office Chairs
- 2-drawer filing cabinet
- Bookcase
- Conference Table 48" round
- Conference Room Chairs
- Guest chairs
- Production Work Tables (5) movable & (5) stationary (60x24x72 split in half to 60x24x36))
- Paper Storage Racks (48x18x72)
- Hand Truck
- Toter 64-gallon Greenstone Plastic Wheeled Trash Can with lid
- Rubbermaid Commercial 7-gallon black plastic trash cans

### **Break Room**

- Mini Refrigerator
- Microwave

### **Office Supplies**

- Desk Stapler w/staples
- Long Reach Stapler
- 1/2" Staples - 1000
- Large Paper Clips
- Mini - Black Dozen
- 18" Corked Back Ruler
- Sharpened Pencils - 2 Dozen
- Black Ink - Medium Point - Dozen
- Desk Tape Dispenser
- 6 pack of Desk Tape - 3/4" Invisible
- Yellow Highlighters - Dozen
- Tape Gun with 2 rolls tape
- Push Pins, Multicolor (200)
- 2 - 8" Stainless Steel Shears
- Yellow 3" x 3" pads - 12 pads
- Sortkwik Lee - 3 pack
- Rubber Bands, #64 - 1lb.
- Desktop Calculator

### **Exterior Signage**

- Exterior sign supplied to building spec

## EXHIBIT C

### LIST OF CURRENT FRANCHISEES AND AREA DEVELOPERS

**LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, ~~2022~~2023**

OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Cassie Burchell, Rodney (Rod) Burchell	2159 Rocky Ridge Road, Suite 107	Hoover	Alabama	35216	(205) 979-2373
Brandon Bagley, Randi Bagley	2221 W. Pecos Rd. #10	Chandler	Arizona	85224	(480) 289-5478
<a href="#">Randi Bagley</a> , Brandon Bagley, <del>Randi Bagley</del>	1451 E. Williams Field Road, Suite 102	Gilbert	Arizona	85295	(480) 289-5477
Ford Brooks	7143 East Southern Ave. Suite 113	Mesa	Arizona	85209	(480) 832-2941
<a href="#">Joan Adams, Steve Adams</a>	535 W. Baseline Road, Suite 104	<a href="#">Mesa</a>	<a href="#">Arizona</a>	<a href="#">85210</a>	<a href="#">(480) 602-3301</a>
Kathy Furlong, Larry Furlong	<del>2120 East Camelback Road</del> <a href="#">4444 North 24th Street</a>	Phoenix	Arizona	85016	(602) 263-0122
Steve Adams, Joan Adams	8027 N. Black Canyon Hwy, Suite A	Phoenix	Arizona	85021	(602) <del>234-2944</del> <a href="#">669-4328</a>
<a href="#">Randi Bagley</a> , Brandon Bagley, <del>Randi Bagley</del>	15455 N. Greenway-Hayden Loop, Suite C13	Scottsdale	Arizona	85260	(480) 991-1636
<a href="#">Randi Bagley</a> , Brandon Bagley, <del>Randi Bagley</del>	4301 N. 75th Street Suite 103	Scottsdale	Arizona	85251	(480) 994-1514
Keith Cooper, Ammie Cooper	342 <del>E</del> -Bartow Dr.	Sierra Vista	Arizona	85635	(520) 452-8535
<a href="#">Mike Sparaco</a> , Darin Osborne, <del>Mike Sparaco</del>	815 W. University Drive, Suite #101	Tempe	Arizona	85281	(480) 968-7821
Steve Adams, Joan Adams	720 W. Elliot Road, Suite 104	Tempe	Arizona	85284	(480) <del>413-1900</del> <a href="#">602-3302</a>
Kevin Jones, Lisa Jones	4811 E Grant Road, Suite #117	Tucson	Arizona	85712	(520) 881-1645
Kevin Jones, Lisa Jones	7288 N. Oracle Road	Tucson	Arizona	85704	(520) 297-7371
<del>Mike Barbee, Julie Chambers</del>	<del>6628 East Tanque Verde</del>	<del>Tucson</del>	<del>Arizona</del>	<del>85715</del>	<del>(520) 298-2395</del>
<a href="#">Jeff Spires</a> , Jill Spires, <del>Jeff Spires</del>	4555 S. Palo Verde, Suite 151	Tucson	Arizona	85714	(520) 748-9094
<del>Crystal Treiber, Gary Treiber</del>	<del>1938 Kellogg Avenue, Suite #15</del>	<del>Carlsbad</del>	<del>California</del>	<del>92008</del>	<del>(760) 727-3800</del>
<del>Gary Treiber, Crystal Treiber</del> <a href="#">Min Egidio</a>	1938 Kellogg Avenue, Suite #15	Carlsbad	California	92008	(760) 727-3800
Dean Titus	3950 N. Chestnut Diagonal, Suite 107	Fresno	California	93726	(559) 476-2900
Matthew T. Main	16 Technology Drive Suite 106	Irvine	California	92618	(949) 830-8222
Cynthia Guminski, Thomas (Tom) Guminski	1920 Oceanside Blvd. #2	Oceanside	California	92054	(760) 722-1485
Prasad Alluri, Usha Datla,	11225 Trade Center Drive, #175	Rancho Cordova	California	95742	(916) 221-4333
Matthew T. Main, Brittany M. Main	<del>8555</del> <a href="#">8250</a> White Oak Avenue, <a href="#">Suite 101</a>	Rancho Cucamonga	California	91730	(909) 989-8550
Guy Vasconcellos, Linda	1322 Blue Oaks Blvd,	Roseville	California	95678	(916) 787-1222

[Exhibit C](#)

OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Vasconcellos	Suite 100				
Angela Weathers, Scott Weathers	7373 Engineer Rd. Suite D	San Diego	California	92111	(858) 260-3000
<del>Manuel Torres</del>	<del>840 Sansome Street</del>	<del>San Francisco</del>	<del>California</del>	<del>94111</del>	<del>(415) 986-4091</del>
<del>Manuel Torres</del> <del>Syed Aftab Asif</del>	315 Montgomery Street 10th floor	San Francisco	California	94104	(415) 781-4910
<del>Manuel Torres</del> <del>Syed Aftab Asif</del>	530 Howard Street Ground floor, <del>Suite</del> 100	San Francisco	California	94105	(415) 882-9390
	<del>1888 Mission St.</del>				
<del>Manuel Torres</del> <del>William (Bill) Cranston</del>	<del>1020 B Street</del> <del>1888 Mission St.</del>	San <del>Rafael</del> Francisco	California	<del>94901</del> <del>94103</del>	(415) <del>459-5409</del> <del>821-1898</del>
<del>Min Egidio</del>	<del>1205 Linda Vista Dr.</del> <del>Suite A</del>	<del>San Marcos</del>	<del>California</del>	<del>92078</del>	<del>(760) 727-3800</del>
Susmita Nayak	12893 Alcosta Boulevard, Suite A	San Ramon	California	94583	(925) 244-9900
Robert Gilbert	2717 Wilshire Blvd.	Santa Monica	California	90403	(310) 453-7559
Alejandro Escalante	1294 Anvilwood Ct.	Sunnyvale	California	94089	(408) 747-9000
<del>Amby Nair</del>	2085 N. Broadway, Suite 200	<del>Walnut Creek</del>	<del>California</del>	<del>94596</del>	<del>(925) 937-4700</del>
George Riffel	8290 West 80th Avenue, Unit 3	Arvada	Colorado	80005	(303) 422-5400
Geoff Graham, Lori Graham	720 S. Colorado Boulevard, Suite 230A	Denver	Colorado	80246	<del>(303)</del> <del>691-0626</del> <del>(720)</del> <del>740-0801</del>
Rich Cloke	1050 17th Street, Ste. 199	Denver	Colorado	80265	(303) 820-2679
George Riffel	<del>8400</del> <del>8450</del> E. Iliff Ave., <del>Suite #2</del>	Denver	Colorado	80231	(303) 755-8984
George Riffel	1217 Miner's Alley	Golden	Colorado	80401	(303) 279-6834
Satya Kothiyal, Namita Kothiyal	4895 W. 10th Street, Suite B	Greeley	Colorado	80634	(970) 356-0606
Geoff Graham, Lori Graham	6905 S. Broadway, Suite 103	Littleton	Colorado	80122	<del>(303)</del> <del>797-2522</del> <del>(720)</del> <del>740-0801</del>
Satya Kothiyal, Namita Kothiyal	1254 North Denver Ave	Loveland	Colorado	80537	(970) 223-6316
Nicholas (Nick) Von Der Wense	500 W Putnam Avenue Suite 400	Greenwich	Connecticut	06830	(203) 625-0000
Nicholas Von Der Wense	915 Main Street, 1st Floor	Hartford	Connecticut	06103	(860) 247-3766
Frank Leone,	16 Dyke Lane	Stamford	Connecticut	06902	(203) 961-8703
<del>Deepal Shah</del>	<del>140 Fox Hunt Drive</del>	<del>Bear</del>	<del>Delaware</del>	<del>19701</del>	<del>(302) 353-4400</del>
Nidhi Chugh, Atul Chugh	703 Interchange Blvd	Newark	Delaware	19711	(302) 453-2600
Nidhi Chugh, Atul Chugh,	3411 Silverside Rd, Tatnall Building Suite 103	Wilmington	Delaware	19810	(302) 477-1884
<del>Duane Graves, Renee Graves</del>	<del>1325 G Street NW, Suite 100</del>	<del>Washington</del>	<del>District of Columbia</del>	<del>20005</del>	<del>(202) 638-1767</del>
Keith Dreier	<del>118 South Palmetto Avenue</del> <del>339 Bill France Blvd.</del>	Daytona Beach	Florida	32114	(386) 693-1572

[Exhibit C](#)

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[ALPHAGRAPHS, INC.](#)

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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Henrique Senf, Juan (Eduardo) Senf	1770 NW 64th Street #500	Fort Lauderdale	Florida	33309	(954) 917-0606
<a href="#">Michael Urbaniak</a>	9143 Philips Highway, Suite 170	<a href="#">Jacksonville</a>	<a href="#">Florida</a>	<a href="#">32256</a>	<a href="#">(904) 551-6625</a>
T.J. Kerbs	226 Center Street, Suite A8	Jupiter	Florida	33458	(561) 935-4147
Joshua Field, Jamie Field,	1061 S. Sun Drive, Suite 1033	Lake Mary	Florida	32746	(407) 330-0245
Christopher Iacuzzo	1315 North Mills Ave	Orlando	Florida	32803	(407) 896-2294
<a href="#">Stacie Rachelle Hartzell,</a> <a href="#">Marsha Reimink</a>	4209 W Kennedy Blvd	<a href="#">Tampa</a>	<a href="#">Florida</a>	<a href="#">33609-230</a>	<a href="#">(813) 289-4663</a>
T.J. Kerbs	7241 Haverhill Business Parkway, Suite 110	West Palm Beach	Florida	33407	(561) 688-8818
Arash Karimi	34 Peachtree Street NW, Suite 240	Atlanta	Georgia	30303	(404) 302-9161
Louis (Lou) Malooley	3424 Peachtree Road NE, Suite C-130	Atlanta	Georgia	30326	(404) 504-6088

<b>Robert Yeldell</b>	<b>2070 Peachtree Industrial Court, Suite 105</b>	<b>Atlanta</b>	<b>Georgia</b>	<b>30341</b>	<b>(404) 321-7457</b>
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<a href="#">Brian McDaniel</a>	1500 Southland Circle NW, Suite E	<a href="#">Atlanta</a>	<a href="#">Georgia</a>	<a href="#">30318</a>	<a href="#">(404) 724-9080</a>
Dave Kalefsky	212 N. Tennessee St. Suite 200	Cartersville	Georgia	30120	(770) 386-2799
<a href="#">Elizabethine "Beth" Gentner,</a> Bill Gentner	3435 Breckinridge Blvd #130	Duluth	Georgia	30096	(404) 913-9441
Jose Jimenez	3067 Main Street	East Point	Georgia	30344	(404) 768-5665
Curtis Gropman	450 Franklin Gateway, Suite 130	Marietta	Georgia	30067	(770) 514-1110
Phillip Pence, Beth Pence	3822 Commercial Court, Suite A	Martinez	Georgia	30907	(706) 650-3177
<a href="#">Hany Hanna, Gihan Hanna</a>	993 Mansell Road, Suite C	<a href="#">Roswell</a>	<a href="#">Georgia</a>	<a href="#">30076</a>	<a href="#">(770) 650-5540</a>
Jose Jimenez	7878 Roswell Road, Suites G & H	Sandy Springs	Georgia	30350	(678) 855-7750
Peg Schwing	5 Mall Terrace	Savannah	Georgia	31406	(912) 355-9001
Wendy Race	2400 Herodian Way SE Suite 235	Smyrna	Georgia	30080	(770) 953-2424
Rob Barnett	305 Shawnee North Drive, Suite 800	Suwanee	Georgia	30024-2295	(678) 546-3032
Lynn S. Nelson	517 S. 8th Street	Boise	Idaho	83702	(208) 338-9746
Lynn Nelson	1680 Bentley Way	Idaho Falls	Idaho	83401	(208) 522-2679
Lynn S. Nelson	80 S 2nd W	Rexburg	Idaho	83440	(208) 356-0170
<a href="#">Lynn Nelson</a>	<a href="#">1863 Addison Ave E</a>	<a href="#">Twin Falls</a>	<a href="#">Idaho</a>	<a href="#">83301</a>	<a href="#">(208) 595-6886</a>
Bill Hoschouer, <del>Stacy Hoschouer</del>	1600 Mountain Street	Aurora	Illinois	60505	(630) 820-2200
Dick <a href="#">(Mike)</a> Moran	70 W Madison Street, Suite 1400	Chicago	Illinois	60602	(312) 226-3900
Mani Suvarna	444 N. Michigan, Suite 1200	Chicago	Illinois	60611	(312) 266-9266

<b>Mani Suvarna</b>	<b>444 N. Michigan, Suite 1200</b>	<b>Chicago</b>	<b>Illinois</b>	<b>60611</b>	<b>(312) 266-9266</b>
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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Dick <a href="#">(Mike)</a> Moran	180 N Stetson Ave., Suite 3500	Chicago	Illinois	60601	(312) 226-3900
<a href="#">Amy Moran</a> , Dick <a href="#">(Mike)</a> Moran	1017 West Washington Boulevard	Chicago	Illinois	60607	(312) 226-3900
<a href="#">Mani Suvarna</a>	<a href="#">Sales Office at 811 West Evergreen Avenue, Suite 104</a>	<a href="#">Chicago</a>	<a href="#">Illinois</a>	<a href="#">60642</a>	<a href="#">(312) 266-9266</a>
<a href="#">Therese Davis, James (Glenn) Davis</a>	6294 Northwest Hwy (Rt 14)	<a href="#">Crystal Lake</a>	<a href="#">Illinois</a>	<a href="#">60014</a>	<a href="#">(815) 444-9971</a>
Janet Schnell, Albert (Al) Schnell, David Schnell, Michael Schnell	712 E. Elm Ave	La Grange	Illinois	60525	(708) 482-4488
<del>Tim Wayman, Doug Wade</del> <a href="#">Ron Stanley</a>	1985 Ohio Street	Lisle	Illinois	60532	(630) 964-9600
Thomas (Tom) Kane, Margaret Kane	19135 Blackhawk Parkway, Suite 12	Mokena	Illinois	60448	(708) 429-3636
Dan Sher	3005 MacArthur Blvd.	Northbrook	Illinois	60062	(847) 317-9001
<a href="#">Janet Schnell</a> , Albert (Al) Schnell, <del>Janet Schnell</del>	<del>Oak Brook / Oakbrook Terrace</del> <a href="#">17 West 703 Butterfield Road, Suite A</a>	Oakbrook Terrace	Illinois	60181	(630) 261-1227
Mari Pierce, Martin Pierce	Foxfield Commons Shopping Center 2740 E. Main Street	St. Charles	Illinois	60174	(630) 513-7711
<del>Barbara Kohout, Frank Kohout</del> <a href="#">Ron Stanley</a>	128 N. Main Street	Wheaton	Illinois	60187	(630) 653-2442
Jeff Bittner, Nikki Bittner	165 Hansen Court, Suite 111	Wood Dale	Illinois	60191	(630) 595-6800
Kelli Curnutt	1051 Third Avenue SW	Carmel	Indiana	46032	(317) 844-6629
Erik Shultz	22158 Elkhart East Blvd.	Elkhart	Indiana	46514	(574) 295-1203
<del>Erik Shultz</del>	<del>201 N. Main Street</del>	<del>South Bend</del>	<del>Indiana</del>	<del>46601</del>	<del>(574) 287-7468</del>
<a href="#">Dennis Tallman</a>	1325 Kennel Ct.	<a href="#">North Liberty</a>	<a href="#">Iowa</a>	<a href="#">52317</a>	<a href="#">(319) 626-3700</a>
Sam Hess, Leslie Hess	14965 W. 117th Street	Olathe	Kansas	66062	(913) 236-8888
<del>Thiago Fontoura, Daniel Martins</del>	<del>6600 College Blvd. - Suite 135</del>	<del>Overland Park</del>	<del>Kansas</del>	<del>66211</del>	<del>(913) 361-0800</del>
John Stockson, Kim Stockson	36 North Main Street	Bel Air	Maryland	21014	(410) <del>838-6743</del> <a href="#">838-6740</a>
Rashed Ahmed,	15200 Shady Grove Road Suite 107	Rockville	Maryland	20850	(301) 721-1690
Carmine Camerato, Victoria Camerato	90 Canal Street, 4th Floor	Boston	Massachusetts	02114	(617) 742-9585
Carmine Camerato, Victoria Camerato	12 Channel Street, Suite 804	Boston	Massachusetts	02210	(617) 742-9588
<del>Christopher Oberg, Chris Carrier</del>	<del>192 Sudbury Road</del>	<del>Concord</del>	<del>Massachusetts</del>	<del>01742</del>	<del>(978) 369-1991</del>
Ralph Umbriano	1451 Concord Street	Framingham	Massachusetts	01701	(508) 626-2318
<del>Jeff Schwarz</del> <a href="#">Jason Mathew</a>	2 Shaker Road, D103	Shirley	Massachusetts	01464	(978) 425-3600
Carmine Camerato, Victoria Camerato	21 Green Street	Waltham	Massachusetts	02451	(781) 642-1100

OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
John McDermott	376 Arsenal Street	Watertown	Massachusetts	02472	(617) 924-4091
<a href="#">Christopher Oberg, Chris Carrier</a>	<a href="#">364 Littleton Road</a>	<a href="#">Westford</a>	<a href="#">Massachusetts</a>	<a href="#">01886</a>	<a href="#">(978) 369-1991</a>
Carmine Camerato	<del>5120</del> Commerce Way <a href="#">Suite 4</a>	Woburn	Massachusetts	01801	(781) 838-8963
Raymond Mantyla	184 Main Street	Worcester	Massachusetts	01608	(508) 793-0956
Mark Carrigan, <del>Robert Carrigan</del>	7994 N. Lilley Rd	Canton	Michigan	48187	(734) 455-6550
Steve Webb	5708 Upper 147th St. W., #108	Apple Valley	Minnesota	55124	(952) 953-5522
Mark Traster	9057 Lyndale Ave. S	Bloomington	Minnesota	55420	(612) 446-3777
Steve Webb <sub>2</sub>	811 LaSalle Avenue, Skyway Level, <a href="#">Suite 207</a>	Minneapolis	Minnesota	55402	(612) 340-1111
<a href="#">Naiyana Yimming-Dollar</a>	115 Metroplex Blvd.	<a href="#">Pearl</a>	<a href="#">Mississippi</a>	<a href="#">39208</a>	<a href="#">(601) 933-9550</a>
Eric Johnson	505 Main Street	Belton	Missouri	64012	(816) 331-5606
<del>Michael Bairu, Merseret Gebremichael</del>	<del>16313 Westwoods Business Park</del>	<del>Ellisville</del>	<del>Missouri</del>	<del>63021</del>	<del>(314) 675-0848</del>
<a href="#">Matt Haar</a> , Haley Haar, <del>Matt Haar</del>	518 E. 16th Street	Kansas City	Missouri	64108	(816) 842-4200
Jeff Smith, Debbie Smith	1140 Industrial Drive	Osage Beach	Missouri	65065	(573) 348-5900
<a href="#">Lynn Nelson</a>	<a href="#">40 W Lawrence St E</a>	<a href="#">Helena</a>	<a href="#">Montana</a>	<a href="#">59601</a>	<a href="#">(801) 818-9060</a>
Troy Peissig	1947 South Avenue West	Missoula	Montana	59801	(406) 728-4810
Jeffrey Bailey	7135 Bermuda Rd <sub>2</sub>	Las Vegas	Nevada	89119	(702) 798-7557
Nathan Emens	3111 S. Valley View Blvd., R-102	Las Vegas	Nevada	89102	(702) 800-5411
Tim Hurley	8 Perimeter Road	Manchester	New Hampshire	03103	(603) 645-0002
David Orpin, Mary Sue Orpin	97 Main Street	Nashua	New Hampshire	03060	(603) 595-1444
Christopher Oberg, Chris Carrier	933 Islington Street	Portsmouth	New Hampshire	03801	(603) 436-3030
David Jackson	2050 Springdale Road, Suite 700	Cherry Hill	New Jersey	08003	(856) 761-8000
Ilene L. Stroh, Michael B. Stroh	9 Princess Road, Suite D	Lawrenceville	New Jersey	08648	(609) 522-5290
Michele Kish-Chrisostomou, John Chrisostomou	1 Lethbridge Plaza, Route 17 North	Mahwah	New Jersey	07430	(201) 327-2200
George Chichmanian	95 Greenwood Ave	Midland Park	New Jersey	07432	(201) 447-4800
Brian Harrigan, Jayne Harrigan, Kevin Harrigan	736 Speedwell Avenue	Morris Plains	New Jersey	07950	(973) 984-0066
Patrick Rotondo <sub>2</sub>	1111 US Hwy 22	Mountainside	New Jersey	07092	(908) 233-5553
Ilene L. Stroh, Michael B. Stroh	<del>401 Jersey Avenue</del> <a href="#">317 George Street, Suite 320</a>	New Brunswick	New Jersey	08901	(732) 247-0809
Michael B. Stroh, Ilene L. Stroh	50 Division Street, Suite 501	Somerville	New Jersey	08876	(908) 809-9644
Robert (Bob) Ullman	40 Commerce Way, Suite E	Totowa	New Jersey	07512	(973) 812-6600
Arif Jacksi	15 West 37th Street	New York	New York	10018	(212) 564-0200
Steven Service	478 Thurston Road	Rochester	New York	14619	(585) 436-3100
Eric Webb	301 Ashville Ave., Suite	Cary	North Carolina	27518	(919) 233-7710

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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
	121				
Rich Schepler, Jennifer Schepler	9129 Monroe Road, Suite 160	Charlotte	North Carolina	28270	(704) 849-9292
Rich Schepler, Jennifer Schepler	15720 Brixham Hill Ave #300	Charlotte	North Carolina	28277	(704) 814-4900
Adam Rutkowski	10100 Park Cedar Dr, Suite 178	Charlotte	North Carolina	28210	(704) 541-3678
Mike Marlow, Elizabeth Marlow	17111 Kenton Dr, Ste 103	Cornelius	North Carolina	28031	(704) 896-9622
Chris D. Andrews, Michael Linden, Owen Andrews	3731 Centurion Drive	Garner	North Carolina	27529	(919) 832-2828
Kevin Miller	3702 Old Battleground Road.	Greensboro	North Carolina	27410	(336) 617-8823
Owen Andrews	3731 Trent Road	New Bern	North Carolina	28562	(252) 633-3199
Eric Webb	Creedmoor Centre 8321 Bandford Way, Suite 001	Raleigh	North Carolina	27615	(919) 322-2257
Rick Stinson	3534 S. College Road, Unit I	Wilmington	North Carolina	28412	(910) 791-9767
Andie Carpenter, Wes Carpenter, Brenda Fishel, Philip Fishel	8100 N. Point Blvd., Suite A	Winston Salem	North Carolina	27105	(336) 759-8000
Ashok Joshi	1215 Superior Avenue E, Ste 100	Cleveland	Ohio	44114	(216) 623-1005
Dan Cannell, Kim Cannell	1254 Courtland Ave.	Columbus	Ohio	43201	(614) 297-1200
Steve Morse, Cinda Morse	6678 Tri Way Drive	Mason	Ohio	45040	(513) 229-3600
Luay (Louie) Alafifi	17295 Foltz Parkway, Suite B	Strongsville	Ohio	44149	(440) 878-9700
Jeff Brant, Jr.	29275 Clemens Road	Westlake	Ohio	44145	(440) 835-6540
<b>Bryant Bynum</b> <b>2616 East 11th Street</b> <b>Tulsa</b> <b>Oklahoma</b> <b>74104</b> <b>(918) 528-9131</b>					
Barbara Harkins	200 SW Market Street, Suite 103	Portland	Oregon	97201	(503) 248-0666
Ilene L. Stroh, Michael B. Stroh	515 Hamilton Street, Ste. 3	Allentown	Pennsylvania	18101	(610) 820-5599
Sean Gallagher	1617 N Line St A	Lansdale	Pennsylvania	19446	(215) 721-8500
Sarah Meehan Parker, William "Bill" Meehan, Clare Meehan	814 Penn Avenue	Pittsburgh	Pennsylvania	15222	(412) 261-1300
Matt Mantyla, Raymond Mantyla	<del>74 Dorrance</del> 229 Westminster Street	Providence	Rhode Island	<del>29030</del> 2903	(401) 648-0078
Rita Wilson, Barry Wilson	1012 Boundary Street	Beaufort	South Carolina	29902	(843) 525-6603
<u>Howard Stein, Marc Stein</u>	<del>2 Avondale Avenue,</del> 639 Dupont Rd Suite BA	<u>Charleston</u>	<u>South Carolina</u>	<u>29407-5703</u>	<u>(843) 556-7081</u>
Sandra (Sandy) Lackey, Tim Lackey	1636 Ebenezer Road	Rock Hill	South Carolina	29732	(803) 327-2511
Paul Van Veldhuizen	5020 S. Tennis Lane,	Sioux Falls	South Dakota	57108	(605) 334-7333

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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
	Suite 1				
<del>Mark Williams</del> <a href="#">Diana Khutsishvili</a>	18 Cadillac Drive, Suite 300	Brentwood	Tennessee	37027	(615) 263-4444
Shawn Brewer	502 W. Spring Street	Cookeville	Tennessee	38501	(931) 520-3421
Melissa Bradsher-Bright, Jim Bright, Gary Bradsher	<del>600B Frazier Dr.,</del> <a href="#">318 Seaboard Lane</a> Suite <del>430</del> <a href="#">402</a>	Franklin	Tennessee	37067	(615) 786-0280
Paul Loher, Don Loher, Dora Loher	2402 Partners Place	Knoxville	Tennessee	37921	(865) 690-3453
Robert Hemmings	788 East Brookhaven Circle	Memphis	Tennessee	38117	(901) 681-9909
<del>Robert (Bob) Rehley</del> <a href="#">Laura Darden</a>	858 Dickerson Pike	Nashville	Tennessee	37207	(615) 835-3212
<a href="#">Tim de la Vega</a>	<a href="#">802 N. 3rd St</a>	<a href="#">Abilene</a>	<a href="#">Texas</a>	<a href="#">79601</a>	<a href="#">(325) 672-1036</a>
Jim Ballew	15404 Midway Road	Addison	Texas	75001	(972) 385-3900
Mark Lee	2407 S. Cooper St.	Arlington	Texas	76015	(817) 860-2679
Jane Harvey	<del>2227</del> <a href="#">1901</a> W. Braker Lane <a href="#">Suite 100</a>	Austin	Texas	78758	(512) 323-5000
Jane Harvey	500 North Lamar Blvd. Suite 100	Austin	Texas	78703	(512) 347-1900
Clayton Authement	575 S 11th Street	Beaumont	Texas	77701	(409) 838-0456
<del>Tony LaMoy, Debra LaMoy, Richard LaMoy</del>	<del>601 2 Harwood Road</del>	<del>Bedford</del>	<del>Texas</del>	<del>76021</del>	<del>(817) 776-4713</del>
Steve Britton	2023 S. Texas Avenue	Bryan	Texas	77802	(979) 779-1234
Pratul Kumar	2722 N. Josey Lane, Suite 100	Carrollton	Texas	75007	(972) 466-2442
Girish Sethi	3031 N. Frazier	Conroe	Texas	77303	(703) 839-5632
Jim Ballew	2201 Main Street Suite 101	Dallas	Texas	75201	(214) 698-0556
<del>Tony Perry,</del> Sherry Perry, <a href="#">Tony Perry</a>	3001 Knox Street, Suite 102	Dallas	Texas	75205	(214) 363-1101
<a href="#">Tony Perry,</a> Sherry Perry, <del>Tony Perry</del>	3001 Knox <del>Street,</del> <a href="#">St.</a> Suite 102	Dallas	Texas	75205	(214) 363-1101
Barbara Adams, Ken Adams	2372 Irving Blvd.	Dallas	Texas	75207	(214) 631-5678
Nirav Patel	5275 Spring Valley Road	Dallas	Texas	75254	(972) 960-6789
Mehul Patel	2035 Royal Lane, Suite 250	Dallas	Texas	75229	(972) 241-5686
<a href="#">Nirav Patel</a>	<a href="#">163 Parkhouse Street</a>	<a href="#">Dallas</a>	<a href="#">Texas</a>	<a href="#">75207</a>	<a href="#">(972) 960-1295</a>
<del>Todd Townsend</del> <a href="#">Gaurang Desai,</a>	2100 Sadau Ct. Suite 150	Denton	Texas	76210	(940) 891-1200
Daniel Granados	5710 Doniphan Dr.	El Paso	Texas	79932	(915) 525-2717
<del>Karlien Murray, David Alan Robert Murray</del> <a href="#">Karthik Ranganathan</a>	5836 Camp Bowie Boulevard	Fort Worth	Texas	76107	(817) 732-1708
<del>Barrie Keiser, Jim Lombardo</del> <a href="#">Khallaf Zaki</a>	4296 Western Center Blvd.	Fort Worth	Texas	76137	(817) 306-9204
<del>Jim Lombardo, Barrie</del>	Sales Office	Fort Worth	Texas	76118	(817) 616-3712

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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
<del>Keiser</del> Khallaf Zaki					
Tony LaMoy, Debra LaMoy, Richard LaMoy	1649 W. Northwest Highway Ste 100	Grapevine	Texas	76051	(817) 776-4713
<del>Jim Houd</del> , Brittany Houd, Jim Houd	10700 Hammerly Blvd, Suite 115	Houston	Texas	77043	(713) 785-0300
<del>James Bureiaga, Angela Bureiaga</del>	<del>6200 Rothway St., Suite 400</del>	<del>Houston</del>	<del>Texas</del>	<del>77040</del>	<del>(713) 868-4447</del>
Todd Bone	5633 Richmond Avenue Suite 100A	Houston	Texas	77057	(832) 968-8500
<del>Parita Sampat</del> , Joel Kurian	7051 Portwest Drive, Suite 130	Houston	Texas	77024	(713) 528-2345
Joel Kurian	3 Greenway Plaza, Suite C-265	Houston	Texas	77046	(713) 960-0105
Joel Kurian, <del>Parita Sampat</del>	<del>7051 Portwest Drive</del> , 801 Travis St. Suite #130	Houston	Texas	<del>77024</del> 77002	(713) 528-2345
<del>David Dunphy</del> Mona Zai	235 Derrick Drive	Humble	Texas	77338	(281) 747-9360
Sam Reed, Jr.	7801 Mesquite Bend Drive, Suite 106	Irving	Texas	75063	(972) 570-0868
Barbara Adams, Ken Adams	545 East John Carpenter Freeway, Suite 300	Irving	Texas	75062	(682) 301-0990
<del>Nirav Patel</del>	<del>1406 Camino Lago</del>	<del>Irving</del>	<del>Texas</del>	<del>75039</del>	<del>(972) 960-1295</del>
Brian Maness	20302 Park Row, Suite 800	Katy	Texas	77449	(281) 944-4271
Alfonso (AB) Barrera, Paco Barrientos	901 Victoria, Ste C	Laredo	Texas	78040	(956) 753-5900
RobbieLynn Hamann	112 Henrietta St, Unit B	Lewisville	Texas	75057	(972) 221-3944
Craig Girard, Kristy Girard	106 S. Church Street	McKinney	Texas	75070	(972) 529-9885
Ty Tidwell	1333 E 5th Street	Odessa	Texas	79761	(432) 276-3069
Craig Girard, Kristy Girard	601 W. Plano Parkway, Suite 127	Plano	Texas	75075	(972) 423-0299
Craig Girard, <del>Kristy Girard</del>	<del>5809</del> 8700 Preston Road, Suite <del>582</del> 124	Plano	Texas	75093	(972) 867-9216
<del>Kenny Wilson</del> , Toni Wilson	1750 Alma Road, Suite 118	Richardson	Texas	75081	(972) 234-3033
Debbie Clarke, Butch Clarke	2009B Industrial Blvd.	Rockwall	Texas	75087	(972) 771-6728
Jason Warr	2100 Double Creek Drive #515	Round Rock	Texas	78664	(512) 759-6990
Jane Harvey	9971 IH-10 West	San Antonio	Texas	78230	(210) 641-9963
Taylor Abbott	12077 Starcrest Drive	San Antonio	Texas	78247	(210) 493-3400
Mitch Usrey	16101 College Oak Drive	San Antonio	Texas	78249	(210) 222-0580
Linnette Abbott, Clark (Tony) Abbott	2714 West Ave	San Antonio	Texas	78201	(210) 344-5200
David Dunphy	17126 Stuebner Airline Road	Spring	Texas	77379	(281) 376-4781
David Dunphy, Paula J.	2319 Timberloch Place,	The	Texas	77380	(281) 363-9261

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OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Dunphy	Suite A	Woodlands			
Toby Taylor, Beth Taylor	608 South Main	Weatherford	Texas	76086	(817) 727-8939
Phil Davis, Lynn Nelson	309 E. State St.	American Fork	Utah	84003	(801) 653-2428
Grant Richey, Diana Richey	265 S. Main	Bountiful	Utah	84010	(801) 295-2400
Melanie Hale, Jerron Hale	2555 Hill Field Road	Layton	Utah	84041	(801) 773-4600
<a href="#">Lynn Nelson</a>	195 W 1600 N, Suite 110	<a href="#">Logan</a>	<a href="#">Utah</a>	<a href="#">84341</a>	<a href="#">(435) 753-9598</a>
Phil Davis, Lynn S. Nelson	1466 N. State St.	Orem	Utah	84057	(801) 426-6200
<a href="#">Phil Davis, Lynn Nelson</a>	North 100 East	<a href="#">Provo</a>	<a href="#">Utah</a>	<a href="#">84604</a>	<a href="#">(801) 818-9060</a>
Brian Johnson	3350 South 2300 East	Salt Lake City	Utah	84109	(801) 487-9600
Kelly Matosich, Cheryl Christensen	<del>417</del> <a href="#">530</a> West 900 South	Salt Lake City	Utah	84101	(801) 364-8451
Gregg McDonough	2945 So. West Temple	Salt Lake City	Utah	84115	(801) 461-0500
Karen Selcho, Steve Selcho, Andy Selcho, Stephanie Selcho	9247 South State Street	Sandy	Utah	84070	(801) 733-9320
Karen Selcho, Steve Selcho, Andy Selcho, Stephanie Selcho	9247 South State Street	Sandy	Utah	84070	(801) 553-1138
Natalie Knight	6032 S. Fashion Point Drive	South Ogden	Utah	84403	(801) 479-8339
<del>Janice Johnson, Marvin (Mary) Johnson</del> <a href="#">Lynn Nelson</a>	228 W. St. George Blvd.	St. George	Utah	84770	(435) 656-5220
Johanna Higginson	1231 West 9000 South, Suite A	West Jordan	Utah	84088	(801) 569-2679
Brian Johnson	2189 South 3200 West	West Valley City	Utah	84119	(801) 972-2900
<a href="#">Cathy Thomas, Jay Thomas</a>	1001 North Fairfax Street, Suite 100A	<a href="#">Alexandria</a>	<a href="#">Virginia</a>	<a href="#">22314</a>	<a href="#">(703) 549-2432</a>
Rashed Ahmed	4515 Daly Drive, Suite J	Chantilly	Virginia	20151	(703) 818-2900
Sarah Huh, Joe Huh	2735 Hartland Road, Suite # 101	Falls Church	Virginia	22043	(703) 289-1200
Jackie Cozens, Lloyd Cozens	3007 Lincoln Avenue	Henrico	Virginia	23228	(804) 627-0500
Cynthia (Cindy) Urbano	604 South King Street, Suite 100	Leesburg	Virginia	20175	(703) 777-5020
Rashed Ahmed	7426 Alban Station Boulevard, Suite A-101	Springfield	Virginia	22150	(703) 866-1988
Leslie Hayes, Dan Hayes	<del>705-4</del> <a href="#">1006</a> 4th Avenue East	Olympia	Washington	98506	(360) 956-1020
Chuck Stempler	3131 Elliott Ave, Suite 100	Seattle	Washington	98121	(206) 448-9100
John Bickers, Karen Bickers	1058 E Washington Ave-	Madison	Wisconsin	53703	(608) 294-8000
Angela Paulsrud, Ryan Paulsrud	3223 Parmenter St	Middleton	Wisconsin	53562-1670	(608) 836-9999
John Bickers, Karen Bickers	330 E. Kilbourn Ave, Suite 103	Milwaukee	Wisconsin	53202	(414) 944-7575



OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Lynn Nelson	1010 South Park Loop Road, Suite #10	Jackson	Wyoming	83001	(307) 527-6476
Nadine Gale, Matt Gale	2266 N. Main St.	Sheridan	Wyoming	82801	(307) 674-6277

**LIST OF CURRENT AREA DEVELOPERS AS OF DECEMBER 31, ~~2022~~2023**

~~There are no Area Developers as of December 31, 2022.~~

<u>DEVELOPER(S)</u>	<u>CITY</u>	<u>STATE</u>	<u>PHONE</u>
<u>Sam Hess</u>	<u>Overland Park</u>	<u>Kansas</u>	<u>(913) 236-8888</u>
<u>Don Grout</u>	<u>Portland</u>	<u>Maine</u>	<u>(978) 790-2137</u>
<u>Dave Jackson</u>	<u>Philadelphia</u>	<u>Pennsylvania</u>	<u>(856) 761-8000</u>

**FRANCHISE AGREEMENT SIGNED BUT BUSINESS CENTER NOT OPENED  
AS OF DECEMBER 31, ~~2022~~2023**

OWNER(S)	CITY	STATE	PHONE
Keith Mitchell	Birmingham	Alabama	(205) 504-2136
<u>Juan Peraza</u>	<u>Miami</u>	<u>Florida</u>	<u>(305) 794-5832</u>
<u>Antonio Monterrubio</u>	<u>Tampa</u>	<u>Florida</u>	<u>(214) 736-3133</u>
David Murray	<del>TBD</del> <u>Tampa</u>	<del>Arizona</del> <u>Florida</u>	<del>(817)</del> <del>732-1708</del> <u>(813)</u> <del>875-7083</del>
<del>Deepal Shah</del>	<del>Bear</del>	<del>Delaware</del>	<del>(240) 429-9296</del>
<del>Jason Mathew</del>	<del>Wilmington</del>	<del>Massachusetts</del>	<del>(863) 698-1797</del>
Don Grout	Concord	New Hampshire	(617) 591-0199
<del>Kevin Miller</del> <u>Charlie Rogers</u>	<del>High Point</del> <u>Durham</u>	North Carolina	<del>(336)</del> <del>908-3788</del> <u>(678)</u> <del>327-5458</del>
Robert Smith	Salisbury	North Carolina	(336) 317-4900
Chintan Soni	Newtown	Pennsylvania	(732) 485-4674
Rick Bearden	TBD	Pennsylvania	(484) 239-0946
Jason Warr	Austin	Texas	(847) 254-3754
Nirav Patel	Dallas	Texas	(972) 960-1295
<u>Karthik Ranganathan</u>	<u>Prosper</u>	<u>Texas</u>	<u>(214) 906-7807</u>
<u>David Murray</u>	<u>Fort Worth</u>	<u>Texas</u>	<u>(817) 732-1708</u>
Taylor Abbott	San Antonio	Texas	(210) 867-5210
<u>David Murray</u>	<u>Fort Worth</u>	<u>Texas</u>	<u>(817) 732-1708</u>
Rashed Ahmed	Warrenton	Virginia	(301) 721-1690



**EXHIBIT C-1**  
**LIST OF FORMER FRANCHISEES**

Exhibit C-1  
Page 1

**LIST OF FORMER FRANCHISEES  
AS OF DECEMBER 31, ~~2022~~2023**

OWNER(S)	CITY	STATE	PHONE
Richard Sherman	Putnam	Connecticut	(860) 963-1231
Ronald (Ronnie) Townsend	Tampa	Florida	(813) 689-7788
Nicole Cifuentes, Kathy Cifuentes, Luis Cifuentes	Schaumburg	Illinois	(847) 363-9276
Jay Bachochin, Angie Hawke, Bob Hawke	Vernon Hills	Illinois	(847) 816-7373
Robert Smith*	Oak Ridge	North Carolina	(336) 317-4900
David Boone	Mechanicsburg	Pennsylvania	(717) 731-844
Craig Nelson	Cedar Park	Texas	(512) 635-9282
Edgar Granados	El Paso	Texas	(915) 581-5400

OWNER(S)	CITY	STATE	PHONE
<a href="#">Mike Barbee, Julie Chambers</a>	<a href="#">Tucson</a>	<a href="#">Arizona</a>	<a href="#">(520) 298-2395</a>
<a href="#">Renee Graves, Duane Graves</a>	<a href="#">Washington</a>	<a href="#">District of Columbia</a>	<a href="#">(202) 638-1767</a>
<a href="#">Michael Bairu, Merseret Gebremichael</a>	<a href="#">Ellisville</a>	<a href="#">Missouri</a>	<a href="#">(314) 675-0848</a>
<a href="#">Erik Shultz</a>	<a href="#">South Bend</a>	<a href="#">Indiana</a>	<a href="#">(574) 287-7468</a>
<a href="#">James Burciaga, Angela Burciaga</a>	<a href="#">Houston</a>	<a href="#">Texas</a>	<a href="#">(713) 492-7118</a>
<a href="#">Robert Yeldell</a>	<a href="#">Atlanta</a>	<a href="#">Georgia</a>	<a href="#">(404) 321-7457</a>
<a href="#">Manuel Torres</a>	<a href="#">San Francisco</a>	<a href="#">California</a>	<a href="#">(415) 986-4091</a>
<a href="#">Manuel Torres</a>	<a href="#">San Rafael</a>	<a href="#">California</a>	<a href="#">(415) 459-5409</a>
<a href="#">Thiago Fontoura, Daniel Martins</a>	<a href="#">Overland Park</a>	<a href="#">Kansas</a>	<a href="#">(913) 361-0800</a>
<a href="#">Bryant Bynum</a>	<a href="#">Tulsa</a>	<a href="#">Oklahoma</a>	<a href="#">(918) 528-9131</a>

Note: Asterisk (\*) denotes a franchise agreement that was mutually or voluntarily terminated by the former franchisee before the former franchisee opened or commenced operations of a Business Center.

**LIST OF FORMER AREA DEVELOPERS AS OF DECEMBER 31, ~~2022~~2023**

*None*

OWNER(S)	ADDRESS	CITY	STATE	ZIP	PHONE
Sean Gallagher	26 Fariston Road	Wayne	Pennsylvania	19087	(917) 741-9925

**TRANSFERS**

OWNER(S)	CITY	STATE	PHONE
Steven (Steve) Litvack, Gail Litvack	Santa Monica	California	(310) 453-7559
AGI Direct Inc., Robin Rothschild, Edward (Ed) Rothschild	Arvada	Colorado	(303) 422-5400

<del>Robin Rothschild, AGI Direct Inc., Edward (Ed) Rothschild</del>	<del>Golden</del>	<del>Colorado</del>	<del>(303) 422-5400</del>
<del>Michael Kile</del>	<del>Carmel</del>	<del>Indiana</del>	<del>(317) 844-6629</del>
<del>Linda Phifer, Wood Phifer</del>	<del>Memphis</del>	<del>Tennessee</del>	<del>(901) 681-9909</del>
<del>Kenny Wilson, Toni Wilson</del>	<del>Plano</del>	<del>Texas</del>	<del>(972) 234-3033</del>
<del>Pat Smith</del>	<del>San Antonio</del>	<del>Texas</del>	<del>(210) 493-3400</del>

<b>OWNER(S)</b>	<b>CITY</b>	<b>STATE</b>	<b>PHONE</b>
<u>Crystal Treiber, Gary Treiber</u>	<u>Carlsbad</u>	<u>California</u>	<u>(760) 727-3800</u>
<u>Manuel Torres</u>	<u>San Francisco</u>	<u>California</u>	<u>(415) 781-4910</u>
<u>Manuel Torres</u>	<u>San Francisco</u>	<u>California</u>	<u>(415) 882-9390</u>
<u>Crystal Treiber, Gary Treiber</u>	<u>San Marcos</u>	<u>California</u>	<u>(760) 727-3800</u>
<u>Greg Ernst</u>	<u>Walnut Creek</u>	<u>California</u>	<u>(925) 937-4700</u>
<u>Doug Wade</u>	<u>Lisle</u>	<u>Illinois</u>	<u>(630) 964-9600</u>
<u>Barbara Kohout, Frank Kohout</u>	<u>Wheaton</u>	<u>Illinois</u>	<u>(630) 653-2442</u>
<u>Jeff Schwarz</u>	<u>Shirley</u>	<u>Massachusetts</u>	<u>(978) 501-4298</u>
<u>Ramesh Gajjar</u>	<u>Pearl</u>	<u>Mississippi</u>	<u>(601) 933-9550</u>
<u>Mark Williams</u>	<u>Brentwood</u>	<u>Tennessee</u>	<u>(615) 263-4444</u>
<u>Robert (Bob) Rehley</u>	<u>Nashville</u>	<u>Tennessee</u>	<u>(615) 835-3212</u>
<u>Todd Townsend</u>	<u>Denton</u>	<u>Texas</u>	<u>(972) 333-0276</u>
<u>Karlien Murray, David Alan Robert Murray</u>	<u>Fort Worth</u>	<u>Texas</u>	<u>(817) 264-1397</u>
<u>Barrie Keiser, Jim Lombardo</u>	<u>Fort Worth</u>	<u>Texas</u>	<u>(817) 874-4801</u>
<u>Jim Lombardo, Barrie Keiser</u>	<u>Fort Worth</u>	<u>Texas</u>	<u>(817) 851-9228</u>
<u>David Dunphy</u>	<u>Humble</u>	<u>Texas</u>	<u>(281) 363-9261</u>
<u>Janice Johnson, Marvin (Marv) Johnson</u>	<u>St. George</u>	<u>Utah</u>	<u>(435) 656-5220</u>

**EXHIBIT D**

**FINANCIAL STATEMENTS**

Exhibit D  
Page 1

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# AlphaGraphics, Inc. and Subsidiary

(a wholly owned subsidiary of U.S. Business Holdings, Inc.)

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## **Consolidated Financial Report**

**December 31, 2023**

<b>Independent Auditor's Report</b>	1-2
<b>Consolidated Financial Statements</b>	
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## **Independent Auditor's Report**

To the Board of Directors  
AlphaGraphics, Inc. and Subsidiary

### **Opinion**

We have audited the consolidated financial statements of AlphaGraphics, Inc. and Subsidiary (the "Company"), a wholly owned subsidiary of U.S. Business Holdings, Inc., which comprise the consolidated balance sheet as of December 31, 2023 and 2022 and the related consolidated statements of operations, stockholder's equity (deficit), and cash flows for the years ended December 31, 2023, 2022, and 2021, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years ended December 31, 2023, 2022, and 2021 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Consolidated Financial Statements**

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

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

### **Auditor's Responsibilities for the Audits of the Consolidated Financial Statements**

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



To the Board of Directors  
AlphaGraphics, Inc. and Subsidiary

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

*Plante & Moran, PLLC*

April 22, 2024

## Consolidated Balance Sheet

December 31, 2023 and 2022

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 284,747	\$ 977,903
Restricted cash	269,756	785,989
Accounts receivable - Net	2,160,787	2,019,828
Deferred franchise costs - Current portion	166,048	122,517
Notes receivable - Current portion	275,502	189,224
Prepaid expenses and other current assets	893,780	878,155
Total current assets	4,050,620	4,973,616
<b>Property and Equipment - Net</b>	38,933	48,304
<b>Intangible Assets - Net</b>	3,644,581	4,174,541
<b>Other Assets</b>		
Deferred franchise costs - Long-term portion	1,158,855	930,904
Notes receivable - Net of current portion	231,402	369,987
Other noncurrent assets	-	20,309
Total other assets	1,390,257	1,321,200
Total assets	<b>\$ 9,124,391</b>	<b>\$ 10,517,661</b>
<b>Liabilities and Stockholder's Equity (Deficit)</b>		
<b>Current Liabilities</b>		
Accounts payable:		
Trade accounts payable	\$ 857,910	\$ 652,568
Marketing fund payable	-	68,815
Cooperative advertising fund payable	94,940	98,788
Due to affiliates	4,397,792	5,647,207
Deferred revenue - Current portion	519,748	508,103
Accrued and other current liabilities	1,813,320	2,482,844
Total current liabilities	7,683,710	9,458,325
<b>Deferred Revenue - Long-term portion</b>	1,064,671	1,248,056
<b>Deferred Income Tax Liability - Net</b>	709,395	774,101
Total liabilities	9,457,776	11,480,482
<b>Stockholder's Equity (Deficit)</b>		
Common stock - \$0.0001 par value, 200,000 shares authorized and 226 shares issued and outstanding	102	102
Additional paid-in capital	7,193,003	7,193,003
Accumulated deficit	(7,526,490)	(8,155,926)
Total stockholder's deficit	(333,385)	(962,821)
Total liabilities and stockholder's equity (deficit)	<b>\$ 9,124,391</b>	<b>\$ 10,517,661</b>

# Consolidated Statement of Operations

Years Ended December 31, 2023, 2022, and 2021

	2023	2022	2021
<b>Net Sales</b>			
Franchise fee revenue	\$ 1,141,145	\$ 363,029	\$ 646,555
Royalty revenue	13,611,954	12,798,834	10,608,715
Supply sales, service fees, and other revenue	4,825,520	4,837,822	5,896,326
Marketing fund revenue	3,644,953	3,160,774	2,899,763
Total net sales	23,223,572	21,160,459	20,051,359
<b>Operating Expenses</b>			
Personnel costs	3,875,094	4,437,648	4,236,113
Cost of supply sales	4,375,939	3,852,852	4,339,107
General and administrative expenses	2,238,925	2,277,015	1,774,751
Marketing fund expenses	3,974,944	3,031,774	2,801,963
Advertising and marketing	221,651	207,769	183,822
Depreciation and amortization	552,444	456,310	582,631
Total operating expenses	15,238,997	14,263,368	13,918,387
<b>Operating Income</b>	7,984,575	6,897,091	6,132,972
<b>Nonoperating (Expense) Income</b>			
Other income	(38,886)	45,128	225,650
Interest expense	-	(2,660)	(7,694)
Sale of Wet Ink, Inc.	-	623,066	-
Total nonoperating (expense) income	(38,886)	665,534	217,956
<b>Income - Before income taxes</b>	7,945,689	7,562,625	6,350,928
<b>Income Tax Expense</b>	1,816,253	1,612,931	1,575,637
<b>Consolidated Net Income</b>	<b>\$ 6,129,436</b>	<b>\$ 5,949,694</b>	<b>\$ 4,775,291</b>
<b>Amounts Attributable to Noncontrolling Interest and Parent Stockholder</b>			
Consolidated net income attributable to:			
Noncontrolling interest	\$ -	\$ 115,659	\$ 129,120
Parent stockholder	6,129,436	5,834,035	4,646,171
Consolidated net income	<b>\$ 6,129,436</b>	<b>\$ 5,949,694</b>	<b>\$ 4,775,291</b>

## Consolidated Statement of Stockholder's Equity (Deficit)

	Years Ended December 31, 2023, 2022, 2021, and 2020				
	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interest	Total Equity (Deficit)
<b>Balance - January 1, 2021</b>	\$ 102	\$ 7,193,003	\$ (2,886,132)	\$ 1,044,823	\$ 5,351,796
Consolidated net income	-	-	4,646,171	129,120	4,775,291
Dividends declared	-	-	(6,500,000)	-	(6,500,000)
<b>Balance - December 31, 2021</b>	102	7,193,003	(4,739,961)	1,173,943	3,627,087
Consolidated net income	-	-	5,834,035	115,659	5,949,694
Sale of Wet Ink, Inc.	-	-	-	(1,289,602)	(1,289,602)
Dividends declared	-	-	(9,250,000)	-	(9,250,000)
<b>Balance - December 31, 2022</b>	102	7,193,003	(8,155,926)	-	(962,821)
Consolidated net income	-	-	6,129,436	-	6,129,436
Dividends declared	-	-	(5,500,000)	-	(5,500,000)
<b>Balance - December 31, 2023</b>	<b>102</b>	<b>7,193,003</b>	<b>\$ (7,526,490)</b>	<b>\$ -</b>	<b>\$ (333,385)</b>

# Consolidated Statement of Cash Flows

**Years Ended December 31, 2023, 2022, and 2021**

	2023	2022	2021
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 6,129,436	\$ 5,949,694	\$ 4,775,291
Adjustments to reconcile net income to net cash and restricted cash from operating activities:			
Depreciation and amortization	552,444	456,310	582,631
Bad debt expense	306,414	24,708	30,155
Deferred income taxes	(64,706)	(351,400)	(150,168)
Gain on sale of Wet Ink, Inc.	-	(623,066)	-
Changes in operating assets and liabilities that (used) provided cash and restricted cash:			
Accounts and notes receivable	(427,064)	(81,217)	(106,149)
Deferred franchise costs	(271,482)	48,150	65,803
Prepaid expenses	(15,625)	(481,617)	133,513
Accounts payable and accrued expenses	(464,182)	508,334	572,825
Marketing fund payable	(68,815)	(103,195)	(905,547)
Cooperative advertising fund payable	(3,848)	11,781	18,161
Deferred revenue	(171,740)	288,302	(22,970)
Net cash and restricted cash provided by operating activities	5,500,832	5,646,784	4,993,545
<b>Cash Flows from Investing Activities</b>			
Purchase of property and equipment	(13,113)	(10,685)	(32,250)
Issuance of notes receivable	-	(247,297)	-
Repayments on notes receivable	52,307	47,086	-
Proceeds from sale of Wet Ink, Inc.	-	75,000	-
Net cash and restricted cash provided by (used) in investing activities	39,194	(135,896)	(32,250)
<b>Cash Flows from Financing Activities</b>			
Net payments on notes payable	-	(214,050)	(72,057)
Dividends declared	(5,500,000)	(9,250,000)	(6,500,000)
Net advances (to) from affiliates	(1,249,415)	2,846,769	2,264,482
Net cash and restricted cash used in financing activities	(6,749,415)	(6,617,281)	(4,307,575)
<b>Net (Decrease) Increase in Cash and Restricted Cash</b>	(1,209,389)	(1,106,393)	653,720
<b>Cash and Restricted Cash - Beginning of year</b>	1,763,892	2,870,285	2,216,565
<b>Cash and Restricted Cash - End of year</b>	<b>\$ 554,503</b>	<b>\$ 1,763,892</b>	<b>\$ 2,870,285</b>
<b>Classification of Cash and Restricted Cash</b>			
Cash	\$ 284,747	\$ 977,903	\$ 1,813,235
Restricted cash	269,756	785,989	1,057,050
Total cash and restricted cash	<b>\$ 554,503</b>	<b>\$ 1,763,892</b>	<b>\$ 2,870,285</b>
<b>Supplemental Cash Flow Information - Cash paid for</b>			
Income taxes	\$ 73,520	\$ 187,258	\$ 126,766
Interest	-	2,660	7,694
<b>Significant Noncash Transactions - Note issued for sale of Wet Ink, Inc.</b>	\$ -	\$ 359,000	\$ -

## **Notes to Consolidated Financial Statements**

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**December 31, 2023, 2022, and 2021**

### **Note 1 - Nature of Business**

AlphaGraphics, Inc. and Subsidiary (the "Company" or AlphaGraphics) was incorporated in Delaware on December 4, 1986. The Company was formed for the purpose of granting AlphaGraphics franchises. AlphaGraphics businesses provide customized print and marketing solutions to businesses using data-driven, multichannel communications that may require a blend of design, print, web, large format, mobile, and social media services.

The Company was a wholly owned subsidiary of Western Capital Resources, Inc. (WCR). On October 3, 2017, U.S. Business Holdings, Inc. (USBH) acquired all of the outstanding stock of the Company. USBH is a wholly owned subsidiary of the Company's ultimate parent, MBE Worldwide S.P.A. (MBE), an Italian limited liability company.

During 2019, the Company's wholly owned subsidiary, AGI Direct, Inc. (AGI Direct), purchased four AlphaGraphics franchises from two franchisees, which resulted in Wet Ink, Inc. (Wet Ink) becoming a subsidiary of the Company. During 2022, AGI Direct sold its ownership in Wet Ink, as disclosed in Note 3.

During the years ended December 31, 2023, 2022, and 2021, 5, 2, and 9 domestic centers, respectively, were opened and 10, 7, and 15 domestic centers, respectively, closed. As of December 31, 2023, 2022, and 2021, there were 232, 237, and 242 domestic centers in operation, respectively. As of December 31, 2023, 2022, and 2021, there were 23 international centers in operation.

### **Note 2 - Significant Accounting Policies**

#### ***Basis of Presentation***

The consolidated financial statements of the Company have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

#### ***Basis of Accounting***

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The Company elected to adopt certain accounting alternatives for private companies developed by the Private Company Council, including the accounting alternative for goodwill and classification of certain identifiable intangible assets as goodwill in a business combination.

#### ***Principles of Consolidation***

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

#### ***Use of Estimates***

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

## **Notes to Consolidated Financial Statements**

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**December 31, 2023, 2022, and 2021**

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Restricted Cash - Advertising Fund***

Restricted cash consists of contributions to the national marketing fund and the cooperative advertising fund by the Company's franchisees and advances from the Company's general operating account. These funds are to be used for local, regional, or national marketing; advertising; sales promotion and promotional materials; public and consumer relations; website development and search engine optimization; the development of technology for the system; and any other purpose to promote the AlphaGraphics brand and repayment of advances from the Company's general operating account.

#### ***Accounts Receivable***

The Company's accounts receivable balance consists primarily of royalties, franchise fees, and other fees due from franchisees. Trade accounts receivable are stated at invoice amounts. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the receivables. The Company collectively evaluates trade receivables to determine the allowance for credit losses based on the aging of accounts receivable. The Company calculates the allowance using an expected loss model that considers the Company's actual historical loss rates adjusted for current economic conditions reasonable and supportable forecasts. The Company considers whether the center has opened when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received.

#### ***Notes Receivable***

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to the terms of the specific notes. An allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the notes receivable. The Company collectively evaluates notes receivable to determine the allowance for credit losses based on specific assessment of all notes that are delinquent or determined to not be fully collected. The Company calculates the allowance using an expected loss model that considers the Company's repayment terms being met and adjusted for current economic conditions and reasonable and supportable forecasts. The Company considers the payor's ability and intent to repay when making adjustments for reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Notes are considered delinquent if the repayment terms are not met.

#### ***Concentration of Credit Risk***

The Company grants credit in the normal course of business to franchisees related to the collection of royalties and other operating revenue. In select cases, credit is issued for initial franchise fees and area director franchise fees. The Company periodically performs credit analyses and monitors the financial condition of the franchisees to reduce credit risk.

#### ***Property and Equipment***

Property and equipment are recorded at cost. Depreciation and amortization are provided utilizing the straight-line method over their estimated useful lives of three to five years. Costs of maintenance and repairs are charged to expense when incurred.

#### ***Intangible Assets***

Acquired intangible assets subject to amortization are stated at cost and are amortized using the straight-line method over the estimated useful lives of the assets. Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable.



## Notes to Consolidated Financial Statements

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December 31, 2023, 2022, and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

Effective January 1, 2023, the Company changed its estimated useful life of its trademark intangible asset from indefinite to 15 years. Management believes the new method of estimation better reflects the period over which the asset is expected to contribute directly or indirectly to the future cash flows. Amortization expense of the trademark is \$185,486 for the year ended December 31, 2023.

#### **Goodwill**

The recorded amounts of goodwill from business combinations are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition.

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

#### **Revenue Recognition**

The Company recognizes revenue in accordance with Financial Accounting Standards Board Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The Company enters into franchise agreements with individual franchisees. The Company assists in developing centers through four pathways: acquiring a new center, acquiring a converted center, acquiring and converting an existing similar business, or acquiring a transfer from a current franchisee. The Company also enters into master license agreements. These agreements transfer franchise rights within a geographical area permitting the opening of a number of franchised outlets. Decisions regarding the number of outlets and their locations are primarily made by the master franchisee with approval of the Company. The franchise agreements provide for the Company to receive an initial franchise fee, opening performance package, managed services fees, royalties, marketing fees, and other fees. The typical term of the agreements is between 10 and 20 years.

The Company has obligations to provide franchisees with the franchise rights to operate an AlphaGraphics business, preopening services (site selection, lease negotiation, local marketing, construction, and opening event management), and training. The Company also provides managed services and advertising, for which fees are charged. The Company concluded that some preopening services and training are distinct performance obligations, as they are not brand specific. Therefore, the initial franchise fee is allocated to the distinct obligations and the franchise right for each individual franchise. The distinct obligations are recognized over the period of services measured on the output method of time incurred as the obligation is satisfied. The franchise right is recognized over the term of the respective franchise agreements beginning on the date executed. Renewal fees are recognized over the renewal term for the respective franchises from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreements beginning at the time of transfer. Income for royalties and advertising fees is recognized over the term of the respective franchise agreements as the underlying sales occur.

When a franchise agreement is terminated voluntarily by the franchisee or due to the default of the franchisee, the Company recognizes the remaining initial franchise fee as revenue earned, as no further performance obligations need to be satisfied, and the initial franchise fee is not refundable per the franchise agreement.

Wet Ink provided printing and graphics services to customers. Revenue was recognized at the completion of the deliverable for the customer.

During 2023, 2022, and 2021, revenue of approximately \$4,825,520, \$4,837,822, and \$5,896,326, respectively, was recognized at a point in time, while the remaining revenue was recognized over time.

## Notes to Consolidated Financial Statements

---

December 31, 2023, 2022, and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Payment Terms***

The Company's franchise agreements require the payment of various fixed and variable fees. Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is executed and are nonrefundable. These fees are collected prior to the satisfaction of the Company's performance obligations, resulting in the Company recognizing deferred revenue contract liabilities. Royalties and marketing fees are paid on a monthly basis based upon a percentage of franchisee gross sales. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the accompanying consolidated balance sheet. Total deferred revenue as of January 1, 2022 was \$1,467,857. The balance of accounts receivable as of January 1, 2022 was \$2,131,382.

#### ***Allocating the Transaction Price***

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

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

The Company allocates consideration to the various distinct obligations based on the observable stand-alone selling price of the services or goods provided based upon fees charged by the Company for the stand-alone service, the observable stand-alone selling price of third-party service providers for similar services, or a cost-plus-margin basis. The remaining consideration is allocated to the franchise right.

#### ***Cost of Obtaining a Franchise Agreement***

The Company frequently incurs broker or sales commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred franchise costs and are expensed over the term of the respective franchise agreement.

#### ***National Marketing Fund***

Franchisees pay a percentage of monthly sales to a national fund to be used for advertising, marketing, and other promotional purposes. The Company administers the fund and uses the fund to satisfy the cost of maintaining, administering, directing, conducting, and preparing advertising, marketing, and/or promotional materials and any other activities that the Company believes will benefit the AlphaGraphics franchise system. These marketing services are a component of the franchise right for which the Company acts as the principal; thus, marketing revenue is presented gross of the related costs. In addition, the marketing fees collected from franchisees are recognized as revenue as earned based upon the underlying sales, and the marketing fund costs are recognized as incurred in the consolidated statement of operations. When revenue of the marketing fund exceeds the related expenses, marketing expenses are accrued up to the amount of revenue.

## Notes to Consolidated Financial Statements

---

December 31, 2023, 2022, and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Cooperative Advertising Fund Payable***

The franchise operating agreements provide for an advertising assessment that is up to 1 percent of the franchisees' gross revenue for the purpose of satisfying costs of regional cooperative advertising programs the Company either designates or approves if initiated by AlphaGraphics franchisees in the region. The Company recorded these fees with its respective cooperative advertising fund payable balance sheet account as an obligation, as the Company acts as an agent throughout the year and does not record revenue related to these fees.

#### ***Universal Service Credits***

The Company's franchisees can earn universal service credits equal to 25 percent of gross royalties if certain requirements are met, including timely reporting of monthly sales data, timely payment of royalties, and active subscription to franchisor prescribed software and licenses. Credits earned by franchisees can be applied toward service charges or cashed out. The Company accrues all universal service credits that have been earned but not used by franchisees, which are included in accrued and other current liabilities in the accompanying consolidated balance sheet.

#### ***Grant Revenue***

The Company elected to account for loan funds received under the Paycheck Protection Program (PPP) as an in-substance government grant. Accounting principles generally accepted in the United States of America (U.S. GAAP) do not include guidance on the accounting for government grants by for-profit entities. As a result, the Company elected to analogize the guidance in International Accounting Standards (IAS) Statement 20, *Accounting for Government Grants and Disclosure of Government Assistance* (IAS 20). While IAS 20 does not represent authoritative guidance for entities preparing U.S. GAAP financial statements, use of this guidance by analogy is permitted.

Under IAS 20, government grants, including forgivable government loans, are recognized as income when it is probable that an entity will comply with the conditions of the grant and that the grant will be received. The Company recognizes proceeds under grant programs on a systematic basis over the period in which the Company recognizes as expenses the related costs for which the grant is intended to compensate. The Company further elected to record the grant income separately from the related expenses in nonoperating (expense) income on the consolidated statement of operations.

#### ***Income Taxes***

The Company recognizes deferred tax liabilities and assets based on the difference between the tax basis of assets and liabilities that will result in taxable or deductible amounts in future periods. The significant components that result in deferred taxes are accrued and prepaid expenses, allowance for doubtful accounts, the recognition of revenue and franchise costs, and amortization of intangible assets.

The Company joins in filing a consolidated federal income tax return with its parent. However, Wet Ink files a separate tax return. Current and deferred tax obligations or benefits are allocated to members of the consolidated group as if each were a separate taxpayer.

The Company classifies interest and penalties associated with tax liabilities as interest expense and operating expenses, respectively, in the accompanying consolidated financial statements. The Company is considered a nonresident in the foreign jurisdictions in which it operates and is subject to corporate withholding taxes for payments of royalties and similar payments made by its foreign franchisees. The Company recognizes these withholding taxes in the provision for income taxes in the consolidated statement of operations.

**Notes to Consolidated Financial Statements****December 31, 2023, 2022, and 2021****Note 2 - Significant Accounting Policies (Continued)*****Subsequent Events***

The consolidated financial statements and related disclosures include evaluation of events up through and including April 22, 2024, which is the date the consolidated financial statements were available to be issued.

**Note 3 - Sale of Wet Ink, Inc.**

On May 24, 2022, AGI Direct sold its 60 percent ownership in Wet Ink to a third party in exchange for \$75,000 in cash and a promissory note in the amount of \$359,000. As a result of the sale, all assets, liabilities, and noncontrolling stockholder's equity of Wet Ink were derecognized, resulting in a gain of \$623,066, which is included in the accompanying consolidated statement of operations. The Company did not retain any interest in Wet Ink subsequent to the sale.

**Note 4 - Allowance for Credit Losses**

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

Management has determined that the allowance for doubtful accounts as of December 31, 2023 for notes receivable is insignificant. The activity in the allowance for credit losses for accounts receivable is as follows:

	2023	2022	2021
Beginning of year	\$ 165,784	\$ 178,499	\$ 178,499
Provision within operating expense	306,414	24,708	-
Deductions/Write-offs	(84,286)	(37,423)	-
End of year	<u>\$ 387,912</u>	<u>\$ 165,784</u>	<u>\$ 178,499</u>

**Note 5 - Notes Receivable**

The Company holds uncollateralized notes receivable from franchisees for royalties and marketing fund contributions. In addition, the Company issued an uncollateralized promissory note during 2022 related to the sale of Wet Ink, as disclosed in Note 3. These notes receivable are payable based on the terms and conditions agreed to in promissory note agreements. The notes receivable bear interest between 5.33 percent and 6.00 percent and mature at various dates through November 1, 2027.

Notes receivable at December 31 are as follows:

	2023	2022
Notes receivable - Royalties	\$ 147,904	\$ 200,211
Note receivable - Sale of Wet Ink (Note 3)	359,000	359,000
Total notes receivable	<u>\$ 506,904</u>	<u>\$ 559,211</u>

The balance of the above receivables matures as follows:

Years Ending December 31	Amount
2024	\$ 275,502
2025	98,414
2026	99,191
2027	33,797
Total	<u>\$ 506,904</u>

## Notes to Consolidated Financial Statements

**December 31, 2023, 2022, and 2021**

### Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Office and computer equipment	\$ 81,986	\$ 105,318
Office furniture and equipment	7,881	7,881
Total cost	89,867	113,199
Accumulated depreciation	50,934	64,895
Net property and equipment	<u>\$ 38,933</u>	<u>\$ 48,304</u>

Depreciation and amortization expense for 2023, 2022, and 2021 was \$22,484, \$26,138, and \$20,869, respectively.

### Note 7 - Related Party Transactions

The following is a description of transactions between the Company and related parties:

#### ***Due to Affiliates***

As of December 31, 2023 and 2022, the Company had net amounts due to its affiliates totaling \$4,397,792 and \$5,647,207, respectively, which include income taxes payable totaling \$8,929,375 and \$7,121,937, respectively. In the normal course of business, the Company and its affiliates share resources to fund payments of general and administrative costs, which can result in a due from or due to affiliate balance on the consolidated balance sheet.

#### ***Services Agreement***

In October 2017, the Company entered into a services agreement (the "Services Agreement") with USBH, where USBH would provide the Company with certain financial, managerial, and operational services and allocate certain costs to the Company. The Services Agreement was amended in June 2018 to provide for allocating shared facility costs. The total fees incurred by the Company for the years ended December 31, 2023, 2022, and 2021 were \$256,266, \$253,993, and \$244,262, respectively, and were included in management fees in the accompanying consolidated statement of operations.

### Note 8 - Acquired Intangible Assets and Goodwill

Intangible assets of the Company as of December 31, 2023 and 2022 are summarized as follows:

	2023		2022	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Amortized intangible assets:				
Franchise agreements	\$ 5,227,112	\$ 4,179,337	\$ 5,227,112	\$ 3,834,863
Trademarks	2,782,292	185,486	2,782,292	-
Total amortized intangible assets	\$ 8,009,404	\$ 4,364,823	\$ 8,009,404	\$ 3,834,863

Intangible assets, net of accumulated amortization, of \$600,189 were derecognized during 2022 as a result of the sale of Wet Ink, as disclosed in Note 3.

Amortization expense for intangible assets totaled \$529,960, \$377,384, and \$419,978 for the years ended December 31, 2023, 2022, and 2021, respectively.

**Notes to Consolidated Financial Statements****December 31, 2023, 2022, and 2021****Note 8 - Acquired Intangible Assets and Goodwill (Continued)**

Amortization expense for the years ending December 31 is as follows:

<u>Years Ending</u>	<u>Amount</u>
2024	\$ 529,960
2025	529,960
2026	529,960
2027	199,840
2028	185,486
Thereafter	<u>1,669,375</u>
Total	<u>\$ 3,644,581</u>

Goodwill, net of accumulated amortization, of \$877,241 was derecognized during 2022 as a result of the sale of Wet Ink, as disclosed in Note 3.

Goodwill amortization expense totaled \$0, \$52,788, and \$126,963 for the years ended December 31, 2023, 2022, and 2021 respectively.

**Note 9 - Accrued and Other Current Liabilities**

The following is the detail of accrued and other current liabilities as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Universal service credits	\$ 1,073,520	\$ 1,099,684
Payroll and benefits	204,332	969,834
Other	<u>535,468</u>	<u>413,326</u>
Total	<u>\$ 1,813,320</u>	<u>\$ 2,482,844</u>

**Note 10 - Notes Payable and PPP Loans**

As a result of the Wet Ink acquisition in 2019, the Company took on three preexisting notes payable with a financial institution. These notes were paid in full during 2022.

During the year ended December 31, 2021, the Company received a Paycheck Protection Program loan in the amount \$205,940. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loans may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and if staffing level and salary maintenance requirements are met. The Company may use the funds on qualifying expenses over a covered period of up to 24 weeks. At the conclusion of the covered period, any balance that is not forgiven by the SBA will be repaid over a period of two years, with interest accruing at a rate of 0.98 percent and monthly payments of principal and interest beginning 10 months after the conclusion of the covered period.

The Company received notification of forgiveness of the full amount of both PPP loans from the SBA. The amount of the loans forgiven was recorded as cancellation of debt income in 2021 and is recognized as other income on the consolidated statement of operations.

**Notes to Consolidated Financial Statements****December 31, 2023, 2022, and 2021****Note 11 - Stockholder's Equity**

On October 2, 2017, the Company amended and restated its certificate of incorporation, reducing the number of authorized shares to 260,500 shares, of which 200,000 were common stock with a par value of \$0.0001 per share, and 60,500 shares were preferred shares with a par value of \$0.0001. As of December 31, 2023, 2022, and 2021, there were 226 common shares issued and outstanding. There were no preferred shares issued and outstanding as of December 31, 2023, 2022, and 2021.

**Note 12 - Income Taxes**

The components of the income tax provision included in the consolidated statement of operations are all attributable to continuing operations and are detailed as follows:

	2023	2022	2021
Current income tax expense	\$ 1,880,958	\$ 1,964,331	\$ 1,725,805
Deferred income tax recovery	(64,705)	(351,400)	(150,168)
Total income tax expense	<u>\$ 1,816,253</u>	<u>\$ 1,612,931</u>	<u>\$ 1,575,637</u>

The income tax provision mostly differs from the expense that would result from applying statutory rates to income before income taxes as a result of state taxes and permanent differences.

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

	2023	2022
Total deferred tax liabilities	\$ (1,015,476)	\$ (1,285,167)
Total deferred tax assets	<u>306,081</u>	<u>511,066</u>
Total	<u>\$ (709,395)</u>	<u>\$ (774,101)</u>

**Note 13 - Retirement Plans**

The Company sponsors a 401(k) plan for substantially all employees. The plan provides for the Company to make a required matching contribution. Contributions to the plan totaled \$144,811, \$110,051, and \$134,092 for the years ended December 31, 2023, 2022, and 2021, respectively.



## **UNAUDITED FINANCIAL STATEMENTS**

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

**AlphaGraphics, Inc.**  
**Balance Sheet As of 3/31/24**

**Current Assets:**

Cash	2,507,111
Restricted Cash	1,084
Accounts receivable	2,745,066
Notes receivable	125,070
Inventory	262,866
Deferred franchise costs - Short Term	1,448,153
Prepaid expenses and other current assets	408,317
<b>Total current assets</b>	<b>7,497,665</b>

<b>Property and Equipment, net</b>	<b>32,980</b>
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<b>Goodwill, net</b>	<b>1,266,917</b>
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<b>Intangible assets, net</b>	<b>1,283,517</b>
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<b>Deferred franchise costs - Long Term</b>	<b>961,578</b>
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<b>Other assets</b>	<b>0</b>
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<b>Total assets</b>	<b>11,042,657</b>
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**Liabilities and Stockholder's Equity Current Liabilities**

Accounts payable	1,132,965
Marketing fund payable	1,084
Cooperative advertising fund payable	0
Due to/(from) affiliates	3,217,835
Deferred revenue - Short Term	56,304
Accrued and other current liabilities	1,924,419
<b>Total current liabilities</b>	<b>6,332,607</b>

Notes payable	0
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Deferred revenue - Long Term	1,566,514
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Deferred Income tax liability	981,734
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<b>Total liabilities</b>	<b>8,880,855</b>
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**Stockholder's Equity**

Common stock	102
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Additional paid in capital	7,193,003
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Accumulated deficit	(6,614,519)
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Noncontrolling interest	1,583,216
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<b>Total stockholder's equity</b>	<b>2,161,802</b>
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<b>Total liabilities and stockholder's equity</b>	<b>11,042,657</b>
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**AlphaGraphics, Inc. - Consolidated Statement of Operations**  
**For the period ended 3/31/24**  
**Net Sales**

Franchise fee revenue	231,231
Royalty revenue	3,947,254
Other revenue	925,823
Marketing fund revenue	1,083,847
<b>Total net sales</b>	<b>6,188,155</b>

**Operating expenses**

Cost of sales	751,408
Personnel costs	998,570
General and administrative expenses	418,284
Marketing fund expenses	1,083,847
Advertising and marketing	53,325
Depreciation and amortization	138,523
<b>Total operating expenses</b>	<b>3,443,957</b>

**Operating Income** 2,744,198

**Non operating income** 2,372

**Income before income taxes** 2,746,570

**Income tax expense** 350,849

**Net income** 2,395,721

**EXHIBIT E**

**LIST OF STATE AGENCIES/  
AGENTS FOR SERVICE OF PROCESS**

Exhibit E  
Page 1

**STATE ADMINISTRATORS AND  
AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677 www.dfpi.ca.gov Ask.DFPI@ca.gov
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8222
New York (Agent)	New York Secretary of State	One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 12231-0001
North Dakota	Securities Commissioner North Dakota Securities Department	600 East Boulevard Avenue State Capitol, <del>Fifth</del> <u>Fourteenth</u> Floor, <u>Dept.</u> <u>414</u> Bismarck, ND 58505-0510
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 69-1 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance - Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501-3185
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 201 W. Washington Ave., Suite 300 Madison, WI 53703

**EXHIBIT F**  
**OPERATIONS MANUAL TABLE OF CONTENTS**

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## Operations Manual

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**EXHIBIT G**  
**AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER**

Exhibit G  
Page 1

## EXHIBIT G

### AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

**AlphaGraphics, Inc.**  
143 Union Boulevard, Suite 650  
Lakewood, Colorado 80228  
(800) 955-6246

I (we) hereby authorize AlphaGraphics, Inc. (the "Company") to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty, ~~AIM~~Brand Fund Fees, Managed Services Program fee, and any other monthly fees owed by me (us) to the Company on or near the 1<sup>st</sup> and 15<sup>th</sup> day of each month as provided in my (our) Franchise Agreement with the Company. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

**(Please insure that this information is accurate)**

Financial Institution Name: \_\_\_\_\_

Routing Number: (This is a 9-digit number) \_\_\_\_\_

Account Number: (Include any preceding zeros) \_\_\_\_\_

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

Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ ZIP: \_\_\_\_\_

I further certify that I have received a copy of the Authorization for my files.

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

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

AlphaGraphics Business Center: \_\_\_\_\_

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

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

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

## EXHIBIT H

### STATE SPECIFIC ADDENDA AND AGREEMENT RIDERS

CALIFORNIA

[HAWAII](#)

ILLINOIS

MARYLAND

MINNESOTA

NEW YORK

NORTH DAKOTA

RHODE ISLAND

VIRGINIA

WASHINGTON

Exhibit H

Page 1

AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~[2024](#)

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**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHICS, INC.**

**CALIFORNIA**

1. THE CALIFORNIA 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.
2. WE MAINTAIN A WEBSITE AT THE FOLLOWING ADDRESS:

[www.alphagraphics.com](http://www.alphagraphics.com).

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

3. The following language is added to Item 3:

Neither the franchisor, nor any person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling such persons from membership in that association or exchange.

4. The following language is added to Item 5:

In connection with any fees or other consideration you pay, we will comply with the California Franchise Investment Law, Section 31119.

5. The following language is added to Item 6:

You will pay not be required to pay an interest rate which is higher than the highest interest rate permissible in California, which is currently 10%.

6. The following language is added to the end of Item 17:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or nonrenewal of the franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration will occur at Denver, Colorado with the costs being borne by the respective parties (unless you are required to



reimburse us as provided under the Franchise Agreement). 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 Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Colorado. This provision may not be enforceable under California law.

Waiver of Punitive Damages and Jury Trial. The Franchise Agreement contains a waiver of punitive damages provision and a waiver of a jury trial provision. These provisions might not be enforceable under California law.

Conditions for Approval of Transfer. The Franchise Agreement requires you to sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Codes Sections 20000 through 20043).

Disclosure Document. Section 31125 of the California Corporations Code requires us to give to you a disclosure document approved by the Commissioner of Corporations before we ask you to consider a material modification of your Franchise Agreement.

7. The following language is added to Item 5:

The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

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.

**The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

**CALIFORNIA RIDER TO THE ALPHAGRAPHS, INC.  
AREA DEVELOPMENT AGREEMENT AND FRANCHISE AGREEMENT  
BETWEEN ALPHAGRAPHS, INC. AND**

**DATED \_\_\_\_\_, \_\_\_\_\_**

In recognition of the California Franchise Investment Law and the Rules and Regulations promulgated thereunder, the Franchise Agreement of ~~ALPHAGRAPHS~~ AlphaGraphics, ~~INC~~ Inc. shall be modified as follows:

1. **Limitations of Claims.** The following sentence is hereby added to the end of Section 18.E. of the Franchise Agreement:  
  
Any limitations upon the time period within which claims may be brought may be unenforceable under the California Franchise Investment Law. The California Franchise Investment Law provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this law or any rule or order thereunder is void.
2. **Independent Investigation.** Section 13.B. of the Area Development Agreement and Section 20.B. of the Franchise Agreement are hereby deleted.
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. The Department of Financial Protection and Innovation requires that the franchisor defer the collection of all initial fees from California franchisees until the franchisor has completed all its pre-opening obligations and franchisee is open for business. For any development agreement, the payment of the development and initial fee attributable to a specific unit is deferred until that unit is open.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**ALPHAGRAPHS, INC.**

**FRANCHISEE**

If an Entity:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

If an Individual:

\_\_\_\_\_  
\_\_\_\_\_  
[Print Name]  
\_\_\_\_\_  
\_\_\_\_\_

[Print Name]

**HAWAII ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AND AREA DEVELOPMENT AGREEMENT**

Section 6 of the Franchise Agreement is amended to state that Franchisor will not require or accept the payment of any initial franchise fees until the Franchisor has satisfied its pre-opening obligations to the franchisee and the franchise has opened for business.

Section 4 of the Area Development Agreement is amended to state that payment of the development fee will be released proportionally with respect to each franchise outlet opened until Franchisor has met all its pre-opening obligations under the Area Development Agreement and the franchisee is open for business with respect to each such location.

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.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Addendum effective as of the day and the year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

By:

Title:

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

By:

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHICS, INC.**

**ILLINOIS**

1. The following are added at the end of the charts in Item 17:

Illinois law (815 ILCS 705/4) provides that: “Any provision in the franchise agreement that designates jurisdiction or venue in a forum outside of this State is void provided that a franchise agreement may provide for arbitration in a forum outside of this State.”

Illinois law (815 ILCS 705/41) provides that: “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.”

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Illinois law shall apply to and govern the Franchise Agreement.

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. The following language is added to Item 5:

The initial franchise fee, development fee, and all other initial payments owed by franchisees and area developers to the Franchisor under the Franchise Agreement and Area Development Agreement will be deferred until the Franchisor has satisfied its pre-opening obligations to the franchisee (or area developer) and the franchisee (or area developer) has commenced business operations of the outlet (or first outlet as to the Area Development Agreement). The Illinois Attorney General’s Office imposed this deferral requirement due to Franchisor’s financial condition.

**ILLINOIS RIDER TO  
THE ALPHAGRAPHS, INC.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
BETWEEN  
ALPHAGRAPHS, INC.  
AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the Franchise Agreement of ~~ALPHAGRAPHS~~ AlphaGraphics, ~~INC~~ Inc. shall be modified as follows:

1. **Acknowledgments.** The following sentence is hereby added to the end of the next to last paragraph of Section 20.B of the Franchise Agreement and Section 13.B of the Area Development Agreement:

Any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act **or any other law of the State or Illinois** is void.

2. **Governing Law/Consent to Jurisdiction.** The first paragraph of Section 19.E. of the Franchise Agreement and 11.E of the Area Development Agreement is hereby deleted in its entirety and the following is substituted in its place:

**E. GOVERNING LAW.**

**EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN SECTION 18.B. OF THE FRANCHISE AGREEMENT OR SECTION 10.B. OF THE AREA DEVELOPMENT AGREEMENT, ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.) OR OTHER FEDERAL LAW, AND EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE ILLINOIS FRANCHISE DISCLOSURE ACT OF 1987, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF ILLINOIS, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND FRANCHISEE, UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.**

Also, Section 19.D. of the Franchise Agreement and Section 11.D of the Area Development Agreement are amended to provide that Section 4 of the Illinois Franchise Disclosure Act of 1987 states that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside this State is void, provided that a franchise agreement may provide for arbitration in a forum outside of this State.

3. **Illinois Franchise Disclosure Act.** Section 18.E. of the Franchise Agreement and Section 10.E of the Area Development Agreement is hereby deleted in its entirety and the following is substituted in its place:

**ILLINOIS FRANCHISE DISCLOSURE ACT.**

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

4. **Waiver of Punitive Damages and Jury Trial.** Sections 19.H. and 19.I. of the Franchise Agreement and Sections 11.H. and 11.I of the Area Development Agreement are hereby modified by adding the following sentence at the end of the first paragraph:

Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.

5. **Construction.** Section 19.M. of the Franchise Agreement and Section 11.K. of the Area Development Agreement are supplemented as follows: Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim express representations made in the Franchise Disclosure Document.

6. Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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. **Franchise Fee.** Section 6 of the Franchise Agreement is amended to provide that all fees shall be deferred until the Franchisor has satisfied its pre-opening obligations to the franchisee and the franchisee has commenced business operations of the outlet.

9. **Development Fee.** Section 4 of the Area Development Agreement is amended to provide that all development fees and initial payments by area developers shall be deferred until the Franchisor has satisfied its pre-opening obligations to the area developer and the area developer has commenced business operations of the first outlet as to the Area Development Agreement.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHICS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]



**ILLINOIS RIDER TO  
THE ALPHAGRAPHICS, INC.  
PRINTSMITH® LICENSE AGREEMENT  
BETWEEN  
ALPHAGRAPHICS, INC.  
AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

In recognition of the Illinois Franchise Disclosure Act and the Rules and Regulations promulgated thereunder, the PrintSmith® License Agreement of ~~ALPHAGRAPHICS~~ AlphaGraphics, ~~INC~~ Inc. shall be modified as follows:

1. Section 19. Section 19 of PrintSmith® Vision License and Support Agreement is supplemented as follows: Notwithstanding the foregoing, nothing in this Agreement or any related agreement is intended to disclaim express representations made in the Franchise Disclosure Document.
2. Governing Law. Section 21 of PrintSmith® Vision License and Support Agreement is hereby deleted in its entirety and the following is substituted in its place:  
  
“This Agreement shall be interpreted and construed in accordance with the laws of the State of Illinois.”
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.

*[Signature Page Follows]*

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHICS, INC.**

**MARYLAND**

1. Item 5: The following language is added to Item 5:
  - (i) All fees shall be deferred pending satisfaction of all of the franchisor's pre-opening obligations to the franchisee.
  - (ii) In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
2. Item 17: The following language replaces the last sentence at the end of the Summary Section of Provision (c) of the Franchise Agreement table entitled **Requirements for you to renew or extend**:

To renew, you may be asked to sign a contract with materially different terms and conditions than the original Franchise Agreement that you signed, including a general release, provided, however, this general release shall not apply to any liability we may have under the Maryland Franchise Registration and Disclosure Law.
3. Item 17: The Summary Section of Provision (m) of the Franchise Agreement table entitled **Conditions for our approval of transfer** is hereby deleted in its entirety, and the following is substituted in its place:

The new franchisee must: qualify; complete training; sign our then-current form of franchise agreement; and pay the transfer fee. You must: pay us all amounts due; submit all required documents; sign a general release; subordinate amounts due to you; and sign other documents we require. All material terms of the transfer must be approved by us. (Also see (r) below.) The general release that we require shall not apply to any liability we may have under the Maryland Franchise Registration and Disclosure Law.
4. The following language is added to the Franchise Agreement table in Item 17 as a new paragraph (x) entitled **Claims Arising Under the Maryland Franchise Registration and Disclosure Law** at the end of the Summary Section:
  - (x) **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 3 years after the grant of the franchise.
5. 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.

**MARYLAND RIDER  
TO THE ALPHAGRAPHS, INC.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
BETWEEN ALPHAGRAPHS, INC. AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law and the Rules and Regulations promulgated thereunder, the Franchise Agreement and Area Development Agreement of ALPHAGRAPHS, INC. shall be modified as follows:

1. **Acknowledgments.** The following language is added to the end of the next to last paragraph of Section 20.B. of the Franchise Agreement and Section 13.B of the Area Development Agreement:

Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration Disclosure Law.

2. **Franchise Fee.** Section 6 of the Franchise Agreement is amended to provide that all fees shall be deferred pending satisfaction of all of the Franchisor's pre-opening obligations to the franchisee.

3. **Development Fee.** Section 4 of the Area Development Agreement is amended to provide that all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

4. **Conditions for Approval of Transfer.** The language contained in Section 15.C.(9) of the Franchise Agreement is hereby deleted in its entirety and the following is substituted in its place:

You (and your transferring Owners) have executed a general release, in form satisfactory to us, of any and all claims against us and our Affiliates and our respective officers, directors, employees and agents; provided, however, this general release shall not apply to any liability we may have under the Maryland Franchise Registration and Disclosure Law.

5. **Agreements/Releases.** The following sentence is added to the end of Section 3.B.(7) of the Franchise Agreement:

Failure by you and your Owners to execute such agreements and releases and deliver them to us for our acceptance and execution within 60 days after delivery thereof to you will be deemed an election by you not to renew your Franchise, provided, however, this general release shall not apply to any liability we may have under the Maryland Franchise Registration and Disclosure Law.

6. **Governing Law/Consent to Jurisdiction.** The following statement is hereby added to the last sentence of Sections 19.D. and 19.FE. of the Franchise Agreement and Sections 11.D and 11.FE of the Area Development Agreement:

HOWEVER, SUBJECT TO FRANCHISEE'S ARBITRATION OBLIGATION, NOTHING IN THIS SECTION AFFECTS YOUR RIGHT UNDER THE MARYLAND FRANCHISE

REGISTRATION AND DISCLOSURE LAW TO SUE IN MARYLAND FOR CLAIMS ARISING UNDER THAT LAW.

7. **Limitations of Claims.** Section 18.E. of the Franchise Agreement and Section 10.E of the Area Development Agreement is hereby deleted in its entirety and the following is substituted in its place:

Except for claims arising from under reporting of Gross Sales by you or nonpayment or underpayment of amounts owed by you to us or our Affiliates pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship between the parties hereto will be barred unless a judicial or arbitration proceeding is commenced within 1 year from the date you or we knew or should have known of the facts giving rise to such claims; provided however, that the limitation of such claims shall not act to reduce the 3 year statute of limitations afforded you for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

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.

**IN WITNESS, WHEREOF** the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHICS, INC.**

**MINNESOTA**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE, OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

2. The following language is added to Item 5 and Item 7:

Item 5 and Item 7 of the Disclosure Document is amended to state that the initial franchise fee, development fee, and all other initial payments owed by franchisees and area developers to the Franchisor under the Franchise Agreement and Area Development Agreement will be deferred until the Franchisor completes its pre-opening obligations under the Franchise Agreement and the outlet (or first outlet as to the Area Development Agreement) is opened for business.

3. The following language is added to Item 13:

Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), to the extent required by law, we will protect your right to use the primary trademark, service mark, trade name, logotype, or other commercial symbol or will indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of our primary trade name.

4. The following is added at the end of the charts in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. § 80C.14, Subds. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the

Franchise Agreement, and that consent to transfer of the franchise will not be unreasonably withheld.

Minn. Stat. § 80C.21 and Minn. Rule Part 2860.4400(J) might prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchise Disclosure Document, Franchise Agreement, or Area Development Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Rule 2860.4400(D) prohibits us from requiring you to assent to a general release; provided, this shall not bar the voluntary settlement of disputes.

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, to the extent required by law, no action may be commenced pursuant to Minn. Stat. Sec. 80C.17 more than three years after the cause of action accrues.

Minn. Rule 2860.4400(J) provides that it is unfair and inequitable for any person to require a franchisee to waive ~~his or her~~their rights to a jury trial or consent to liquidated damages, termination penalties, or judgment notes; provided this shall not bar an arbitration clause. However, we intend to enforce any of these provisions in our Franchise Agreement and Area Development Agreement to the extent the law allows.

5. 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.

**MINNESOTA RIDER TO THE  
ALPHAGRAPHS, INC.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
BETWEEN ALPHAGRAPHS, INC. AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

In recognition of the requirements of the Minnesota Franchise Act and the Rules and Regulations promulgated thereunder, the Franchise Agreement and/or Area Development Agreement of ALPHAGRAPHS, INC. are modified as follows:

1. **Marks.** The following statement is hereby added to the end of Section 7.A. of the Franchise Agreement:

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. To the extent required by Minnesota law, we will protect your right to use the primary trademark, service mark, trade name, logotype, or other commercial symbol from third parties or will indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit, or demand regarding your use of our primary trade name in accordance with the requirements of the Franchise Agreement and our standards.

2. **Franchisee's Right to Renew.** The following statement is hereby added to the end of Section 3.B. of the Franchise Agreement:

Minnesota law provides Franchisee with certain non-renewal rights. Minn. Stat. Sec. 80C.14 Subd. 4 requires, except in certain specified cases, that Franchisee be given 180 days' notice for non-renewal of this Agreement.

3. **Termination of Agreement - By Company.** The following statement is hereby added to the end of Section 16.B. of the Franchise Agreement and Section 6.B. of the Area Development Agreement:

Minnesota law provides Franchisee with certain termination rights. Minn. Stat. Sec. 80C.14 Subd. 3 requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) of this Agreement.

4. **Franchisee's Transfer.** The following statement is hereby added to the end of Section 15.C. of the Franchise Agreement:

Minnesota law provides Franchisee with certain transfer rights. Pursuant to Minn. Stat. Sec. 80C.14 Subd. 5, we will not unreasonably withheld consent to an assignment, transfer, or sale of the franchise whenever the franchisee to be substituted meets our then-current standards and qualifications for franchisees.

5. **Liquidated Damages.** The provisions of Section 17.C. of the Franchise Agreement pertaining to liquidated damages will not be enforced to the extent prohibited by the Minnesota Franchise Law.

6. **No Abrogation of Minnesota Statute Chapter 80C/Consent to Jurisdiction.** The following statement is hereby added to the end of Sections 19.D. and 19.E. of the Franchise Agreement and



Sections 11.D and 11.E of the Area Development Agreement:

Without limiting the foregoing, nothing in this Section will abrogate or reduce any of your rights as provided for in Minnesota Statutes Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400(J) may prohibit us from requiring litigation to be conducted outside Minnesota. Notwithstanding the foregoing, this shall not bar enforcement of an arbitration clause.

7. **Limitations of Claims.** The following sentence is hereby added to the end of Section 18.E. of the Franchise Agreement and Section 10.E of the Area Development Agreement i:

Pursuant to Minn. Stat. Sec. 80C.17, Subd. 5, no action may be commenced pursuant to Minn. Stat. Sec. 80C.17 more than three (3) years after the cause of action accrues.

8. **Waiver of Punitive Damages and Jury Trial.** Sections 19.H and 19.I. of the Franchise Agreement and Sections 11.H and 11.I. of the Area Development Agreement will not be enforced to the extent prohibited by the Minnesota Franchise Law.

9. **Limitation of General Release.** Sections 3.B.7 and 15.C.9 of the Franchise Agreement pertaining to general releases in connection with renewal or transfer are amended so that any such release will not apply to liability imposed by Minnesota Statutes Chapter 80C; provided, this will not bar the voluntary settlement of disputes.

10. **Franchise Fee.** Section 6 of the Franchise Agreement is amended to provide that collection of the Initial Franchise Fee and other initial fees payable to Franchisor are deferred until franchisor has completed its pre-opening obligations and the franchise is open for business.

11. **Development Fee.** Section 4 of the Area Development Agreement is amended to provide that collection of the Development Fee and other initial fees payable to Franchisor are deferred until franchisor has completed its pre-opening obligations and the first franchise under the Area Development Agreement is open for business.

12. 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.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHICS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General

Partner]

**If an individual:**

---

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[Print Name]

---

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[Print Name]

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHS, INC.**

**NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is to be added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an

action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled **“Requirements for franchisee to renew or extend,”** and Item 17(m), entitled **“Conditions for franchisor approval of transfer”**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.
5. The following is added to the end of the “Summary” sections of Item 17(v), titled **“Choice of forum”**, and Item 17(w), titled **“Choice of law”**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

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

8. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**NEW YORK  
RIDER TO ALPHAGRAPHS, INC.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
BETWEEN ALPHAGRAPHS, INC. AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

In recognition of the requirements of the New York General Business Law and the Rules and Regulations promulgated thereunder, the Franchise Agreement and Area Development Agreement of ~~ALPHAGRAPHS~~ AlphaGraphics, ~~INC~~ Inc. shall be modified as follows:

1. **Conditions for Approval of Transfer.** The following is hereby added at the end of Section 15.C.(9) of the Franchise Agreement:

; provided however, that all rights enjoyed by you 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 provision of GBL 687.4 and 687.5 be satisfied.

2. **Agreements/Releases.** The following is hereby added to the end of the second sentence of Section 3.B.(7) of the Franchise Agreement:

; provided however, that all rights enjoyed by you 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 provision of GBL 687.4 and 687.5 be satisfied.

3. **Taxes.** The following language is added as first sentence of Section 6.I. of the Franchise Agreement:

We will have no liability for any sales, use, service, excise, gross receipts, income, property or other taxes, whether levied upon you, the Business Center or your property, in connection with the services provided or business conducted by your (except any taxes we are required by law to collect from you with respect to purchases from us).

4. **Governing Law/Consent to Jurisdiction.** The following is hereby added at the end of Sections 19.D. and 19.E. of the Franchise Agreement and Sections 11.D and 11.E of the Area Development Agreement:

**THE FOREGOING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.**

5. 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.

6. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.
7. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**AMENDMENT TO ALPHAGRAPHICS, INC. FRANCHISE AGREEMENT AND  
AREA DEVELOPMENT AGREEMENT**

**NORTH DAKOTA**

The Franchise Agreement and/or Area Development Agreement (the “**Agreement**”) between AlphaGraphics, Inc. (“**Franchisor**”) and \_\_\_\_\_ (“**You**”) are amended by adding the following provisions, which shall be considered an integral part of the Agreement:

1. The North Dakota Securities Commissioner requires that certain provisions in the Agreement be amended by the following statements:
  - a. If the Agreement obligates you to execute a release of claims upon renewal of the franchise term, such obligation is void.
  - b. Covenants not to compete during the term, and upon termination or expiration, of the franchise term are enforceable only under certain conditions according to North Dakota Law. If the Agreement contains a covenant not to compete that is inconsistent with North Dakota Law, the covenant may be unenforceable.
  - c. To the extent the Agreement requires litigation to be conducted in a jurisdiction other than North Dakota, the requirement is void. Any litigation under the agreement shall be conducted in North Dakota or a mutually agreed upon location. The provisions of this paragraph are subject to the United States Arbitration Act (9 U.S.C. § 1 et seq.)
  - d. To the extent the Agreement requires that it is governed by a state law other than North Dakota, the requirement is void. Subject to any applicable federal law, North Dakota law shall govern the Agreement.
  - e. To the extent the Agreement requires payment of a termination penalty or liquidation penalty, the requirement is void.
  - f. To the extent the Agreement requires you to consent to a waiver of exemplary and/or punitive damages, the requirement is void.
  - g. To the extent the Agreement requires you to consent to a waiver of trial by jury, the requirement is void.
  - h. To the extent the Agreement requires that you consent to a limitation of claims under the North Dakota Franchise Investment Law, the requirement is void and the statute of limitations under North Dakota Franchise Investment Law will apply.
  - i. To the extent the Agreement requires that you consent to payment of all costs and expenses incurred under any action concerning a violation of the North Dakota Franchise Investment Law, the requirement is void. Under Section 51-19-12.3 of that law, the prevailing party in any such action is entitled to recover all costs and expenses, including attorney’s fees.
2. AS TO ANY STATE LAW REFERRED TO IN THE FOREGOING AMENDMENTS TO THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT THAT DECLARES VOID OR UNENFORCEABLE ANY PROVISION CONTAINED IN THE FRANCHISE AGREEMENT OR AREA DEVELOPMENT AGREEMENT, THE FRANCHISOR RESERVES THE RIGHT TO CHALLENGE THE ENFORCEABILITY OF THE STATE LAW BY BRINGING AN APPROPRIATE LEGAL ACTION OR BY RAISING

North Dakota Amendment to Franchise Agreement and Area Development Agreement

Page 1



THE CLAIM IN A LEGAL ACTION OR ARBITRATION THAT YOU HAVE INITIATED.

3. Section 6 of the Franchise Agreement and Section 4 of the Area Development Agreement are amended to state that the initial franchise fee, development fee, and all other initial payments owed by franchisee to the Franchisor under the Franchise Agreement or Area Development Agreement will be deferred until the Franchisor has completed its pre-opening obligations and franchisee has commenced business operations of the outlet (as to the Franchise Agreement) or first outlet (as to the Area Development Agreement).
4. 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.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment of the Franchise Agreement and/or Area Development Agreement and understands and consents to be bound by all of its terms on this day \_\_\_\_\_, \_\_\_\_\_.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

**ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT  
ALPHAGRAPHICS, INC.**

**RHODE ISLAND**

1. The following language is added to the end of the Summary section of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

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

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.

**RHODE ISLAND RIDER TO THE  
ALPHAGRAPHS, INC.  
FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT  
BETWEEN ALPHAGRAPHS, INC. AND**

**DATED \_\_\_\_\_, \_\_\_\_\_**

In recognition of the requirements of the Rhode Island Franchise Investment Law and the Rules and Regulations promulgated thereunder, the Franchise Agreement of ~~ALPHAGRAPHS~~ AlphaGraphics, ~~INC~~ Inc. shall be modified as follows:

1. **Governing Law.** Section 19.E. of the Franchise Agreement and Section 11.E of the Area Development Agreement is hereby deleted in its entirety and the following is substituted in its place:

**EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT AS REQUIRED HEREBY, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ., OR SUCCESSOR STATUTE) OR OTHER FEDERAL LAW, AND EXCEPT TO THE EXTENT OTHERWISE REQUIRED BY APPLICABLE LAW WITH RESPECT TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT, THIS AGREEMENT, THE FRANCHISE AND THE RELATIONSHIP BETWEEN COMPANY AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF COLORADO, EXCLUDING ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND FRANCHISEE, UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.**

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.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

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

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

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Rhode Island Rider to Franchise Agreement and Area Development Agreement

Page 1

AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~ 2024

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[Print Name]

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[Print Name]

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**ALPHAGRAPHICS, INC.**

**VIRGINIA**

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for AlphaGraphics, Inc. for use in the Commonwealth of Virginia is amended as follows:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant 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 the franchisee by any provision contained in the franchise. If any provision of the Franchise Agreement or Area Development 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.

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.

## WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT, AND RELATED AGREEMENTS

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the Franchise Agreement and Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement and Area Development Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the Franchise Agreement or Area Development Agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Section 6 of the Franchise Agreement is amended to state that Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the Franchise Agreement, and (b) is open for business. Because Franchisor has material pre-opening obligations with respect to each franchised business franchisee opens under the Area Development Agreement, Section 4 of the Area Development Agreement is amended to state that payment of the development fee will be released proportionally with respect to each franchise outlet opened and until Franchisor has met all its pre-opening obligations under the Area Development Agreement and Franchisee is open for business with respect to each such location.

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, Area Development Agreement, or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement, Area Development Agreement, or elsewhere are void and unenforceable in Washington.

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

On October 11, 2019, to resolve an investigation by the Washington Attorney General and without admitting any liability, we voluntarily entered into an Assurance of Discontinuance ("AOD") with the State of Washington (No. 19-2-26748-8 SEA), in which we agreed, among other things, not to include in our form franchise agreement a provision that restricts a franchisee from soliciting and/or hiring employees from us or other franchisees (generally, a "no-poach provision") and not to enforce any no-poach provision in any existing franchise agreements. No-poach provisions were standard provisions in franchise agreements throughout many industries and prompted a broad multi-industry investigation by the Washington Attorney General. As of the date of this Franchise Disclosure Document, the Washington Attorney General has entered into similar AODs with over 200 other franchisors.

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.

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this Addendum effective as of the day and the year first above written.

**COMPANY/US:**

**ALPHAGRAPHICS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

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

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

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[Print Name]

Washington Addendum to the ~~Franchise Disclosure Document~~FDD, Franchise Agreement, Area Development Agreement, and  
Related Agreements

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AlphaGraphics, Inc.

Franchise Disclosure Document | ~~2023~~2024

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## EXHIBIT I

### ACQUIRE AND CONVERT/CONVERSION RIDER TO FRANCHISE AGREEMENT

Exhibit I  
Page 1

## EXHIBIT I

### ACQUIRE AND CONVERT/CONVERSION RIDER TO ALPHAGRAPHS® FRANCHISE AGREEMENT

THIS [ACQUIRE AND CONVERT RIDER] [CONVERSION RIDER] (“Rider”) is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Effective Date”), between AlphaGraphics, Inc., a Delaware corporation, with a principal place of business at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228 (“Company,” “we,” “us” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, with a principal place of business at \_\_\_\_\_ (“Franchisee,” “you” or “your”).

#### Introduction

As of the Effective Date, Company and you are entering into an AlphaGraphics® Franchise Agreement (the “Franchise Agreement”) to develop and operate an **ALPHAGRAPHS®** [AlphaGraphics](#) franchised business using one of the following conversion programs:

- ☐ Acquire and Convert. You will acquire a Visual Communications Business and convert it to an **ALPHAGRAPHS®** [AlphaGraphics](#) Business Center.
- ☐ Conversion. You will convert your Visual Communications Business to an **ALPHAGRAPHS®** [AlphaGraphics](#) Business Center.

Company and you wish to amend certain provisions of the Franchise Agreement related to the Acquire and Convert or the Conversion (as applicable) and mutually agree as follows:

#### Agreements

1. **Rider Governs; Capitalized Terms.** Except as expressly provided herein, the terms and conditions of the Franchise Agreement and the schedules, exhibits and attachments that are being executed by the parties in conjunction with the execution of the Franchise Agreement and this Rider will govern the relationship of the parties to the Franchise Agreement. To the extent that this Rider is inconsistent with any of the terms or conditions of the Franchise Agreement or such schedules, exhibits or attachments, the terms of this Rider will govern. Capitalized terms used, but not defined herein, shall have the meanings given such terms in the Franchise Agreement.

2. **Conversion of Existing Center.** You desire to convert, and we have agreed to allow you to convert, an independent print shop or business center (“Existing Center”) into an **ALPHAGRAPHS®** [AlphaGraphics](#) Business Center. As part of the conversion, you are entering into the Franchise Agreement as amended by this Rider.

3. **Initial Franchise Fee.** Section 6.A of the Franchise Agreement is amended to provide that you will pay us an Initial Franchise Fee of \_\_\_\_\_ (\$\_\_\_\_\_). You will pay us the Initial Franchise Fee via wire transfer when you sign the Franchise Agreement; provided, notwithstanding the foregoing, if you have executed an Incentive Rider in connection with the

Franchise Agreement, the Initial Franchise Fee will be due and payable in accordance with the payment plan set forth in such Incentive Rider.

4. **Training Completion.** Section 5.A of the Franchise Agreement is amended to provide that you or your Managing Owner must attend and successfully complete training program as follows: \_\_\_\_\_ [Describe time periods for completion of the steps of the training program.]

5. **Royalties Fees.** Notwithstanding anything to the contrary in the Franchise Agreement, if the Existing Center had over Seven Hundred Thousand Dollars (\$700,000) in annual gross sales during the last calendar year preceding the signing of the Franchise Agreement, and as long as you are in full compliance with the Franchise Agreement and all other related agreements, you will be permitted to pay reduced Royalties follows:

a. **Royalty Reduction.** We will reduce your royalties for the first two years following the opening date of the Business Center as follows: 2% of Gross Sales for the first year and 4% of Gross Sales for the second year. Following the second year anniversary of the opening date of the Business Center, you will pay Royalties to us as provided in Section 6.C.1 or 6.C.2 (as applicable) in the Franchise Agreement.

b. **Minimum Royalties.** Your obligation to pay Royalties in an amount equal to or in excess of the applicable Minimum Royalties will not apply until the first day of our first full fiscal year following the two year anniversary of the opening date of the Business Center. Beginning on the first day of the first full calendar year that is two years after the opening date of the Business Center, the Minimum Royalties, as described in Section 6.C.4 of the Franchise Agreement, shall apply (according to the amounts specified for Year 3) and, thereafter, your Royalty Year will progress from that year until Royalty Years 5-10 is reached.

6. **MIS System License Agreement.** [Applicable if the Existing Center being converted currently operates under non-PrintSmith® Vision software.]

Under Section 4.E of the Franchise Agreement, you are required to license from us the MIS System or a successor system designated by us in writing and pay all applicable MIS System fees, including an initial fee and an annual support and maintenance fee. Because this is a conversion and the Existing Center has not been using PrintSmith® Vision software, we will allow you to operate under your current software system for up to 6 months. On or before the expiration of 6 months, you will sign a PrintSmith® Vision License and Support Agreement attached to the Franchise Agreement as Schedule C. You will pay a one-time initial license fee of Fifteen Thousand Dollars (\$15,000) as described in Section 3 of the PrintSmith® Vision License and Support Agreement and you also will pay the annual Support Fee as described therein.

7. **CRM System Fee.** Your CRM System Fee is as follows: (i) if the business currently licenses and uses Print Speak, you will not pay an initial license fee, and (ii) if the business currently licenses and uses another software program (not Print Speak), you may continue to use this software temporarily for up to 6 months from opening of your Franchised Business Center, at which time you must switch to Print Speak and pay the initial license fee of \$250-\$750, which is determined based on the Print Speak CRM Level you select as follows: \$250 for Level 1, \$375 for Level 2, \$500 for Level 3, or \$750 for Level 4.

8. **Compliance with System Standards.** [Applicable if the Franchise is for a Conversion.]

If your Franchise is for a Conversion (as indicated in the checked box above), you must complete the conversion and be in full compliance with all System Standards no later than 6 months from the Effective Date of the Franchise Agreement.

9. **Compliance with Franchise Agreement.** The rights and/or concessions granted to you in this Rider are expressly conditioned upon your full and complete compliance with all of the terms of the Franchise Agreement and its related agreements. In the event that you fail to fully and completely comply with all of its obligations under the Franchise Agreement, we may, in addition to any other remedies available to us under the Franchise Agreement, upon written notice to you, revoke any or all of the rights and/or concessions granted you in this Rider.

10. **Effect of Amendment.** Except as expressly amended by this Rider, all of the terms and conditions of the Franchise Agreement and all agreements related thereto shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

**FRANCHISEE/YOU:**

**If an Entity:**

\_\_\_\_\_

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

Title: \_\_\_\_\_ Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

\_\_\_\_\_

\_\_\_\_\_

[Print Name]

Exhibit I

Page 4

**EXHIBIT J**

**TRANSFER RIDER TO**  
**ALPHAGRAPHICS® FRANCHISE AGREEMENT**

Exhibit J  
Page 1

**EXHIBIT J**  
**TRANSFER RIDER TO**  
**ALPHAGRAPHICS® FRANCHISE AGREEMENT**

THIS TRANSFER RIDER ("Rider") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the "Effective Date"), between AlphaGraphics, Inc., a Delaware corporation, with a principal place of business at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228 ("Company," "we", "us" or "our"), and \_\_\_\_\_, a \_\_\_\_\_ formed and operating under the laws of the State of \_\_\_\_\_, or \_\_\_\_\_, an individual, with a principal place of business at \_\_\_\_\_ ("Franchisee", "you" or "your").

**Introduction**

You are acquiring the ~~ALPHAGRAPHICS~~ [AlphaGraphics](#) franchised business associated with AlphaGraphics® Business Center US# \_\_\_\_ ("Business Center") as a Transfer Purchase from \_\_\_\_\_ ("Prior Franchisee"), an existing AlphaGraphics franchisee. In connection with the transfer, as of the Effective Date, Company and you are entering into an AlphaGraphics® Franchise Agreement (the "Franchise Agreement"). Company and you wish to amend certain provisions of the Franchise Agreement related to the Transfer Purchase and mutually agree as follows:

**Agreements**

1. **Amendment Governs; Capitalized Terms.** Except as expressly provided herein, the terms and conditions of the Franchise Agreement and the schedules, exhibits and attachments that are being executed by the parties in conjunction with the execution of the Franchise Agreement and this Rider will govern the relationship of the parties to the Franchise Agreement. To the extent that this Rider is inconsistent with any of the terms or conditions of the Franchise Agreement or such schedules, exhibits or attachments, the terms of this Rider will govern. Capitalized terms used, but not defined herein, shall have the meanings given such terms in the Franchise Agreement.

2. **Transfer Fee.** You will pay us a Transfer Fee of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) in lieu of the Initial Franchise Fee provided in Section 6.A. of the Franchise Agreement. You will pay us the Transfer Fee via wire transfer when you sign the Franchise Agreement; provided, notwithstanding the foregoing, if you executed an Incentive Rider in connection with execution of a Conditional Consent to Transfer and Release Agreement prior to execution of the Franchise Agreement, the Transfer Fee will be due and payable in accordance with the payment plan set forth in such Incentive Rider.

3. **Opening/Reopening Performance Package.** You will pay us \$5,000 for our Opening/Reopening Performance Package, in lieu of the \$10,000 fee provided in Section 6.B.1 of the Franchise Agreement. You will pay us this fee via wire transfer when you sign the Franchise Agreement.

4. **Business Center Modifications.** Franchisee must make the following modifications to the Business Center premises, equipment, supplies, fixtures, signs and/or equipment no later than \_\_\_\_\_, which upgrades constitute material requirements of the System and a material obligation under the Franchise Agreement and this Rider: \_\_\_\_\_.

5. **Royalty Year.** Under Section 6.C.3 of the Franchise Agreement, your Royalty Year for determining Minimum Royalties due will begin with Year \_\_\_\_\_ and, thereafter, your Royalty Year will progress from that year until Royalty Years 5-10 is reached.

6. **MIS System License Agreement.** [Applicable if the Business Center being transferred currently operates under the PrintSmith® Vision License Agreement and Software Support Agreement.]

Under Section 4.E of the Franchise Agreement, you are required to license from us the MIS System or a successor system designated by us in writing and pay all applicable MIS System fees, including an initial fee and an annual support and maintenance fee. Because this is a Transfer Purchase, and the business has operated under the PrintSmith® Vision, you will be required to sign the PrintSmith® Vision License Agreement and Software Support Agreement attached to the Franchise Agreement as Schedule C you will not be required to pay the one-time license fee described in Section 3 of the PrintSmith® Vision License and Support Agreement. You will, however, pay the annual maintenance and support fee as described therein.

7. **Print Speak CRM.** If the Business Center currently licenses and uses Print Speak, you will not pay an initial license fee for Print Speak CRM.

8. **Effect of Rider.** Except as expressly amended by this Rider, all of the terms and conditions of the Franchise Agreement and all agreements related thereto shall remain in full force and effect.

The parties hereto have executed and delivered this Rider effective as of the day and year first above written.

**COMPANY/US:**

**ALPHAGRAPHS, INC.**

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

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

**FRANCHISEE/YOU:**

**If an Entity:**

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

Title: [President] [Managing Member] [General Partner]

**If an individual:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Print Name]

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

[Print Name]

**EXHIBIT K**  
**GENERAL RELEASE**

Exhibit K  
Page 1



**EXHIBIT K**  
**GENERAL RELEASE FORM**

**THIS IS A CURRENT RELEASE FORM THAT GENERALLY WILL  
BE USED WITH OR INCORPORATED INTO A SEPARATE AGREEMENT.  
THIS FORM IS SUBJECT TO CHANGE OVER TIME.**

For and in consideration of the Agreements and covenants described below, AlphaGraphics, Inc. (“AlphaGraphics”), \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Guarantors”) enter into this Release of Claims (“Agreement”).

**RECITALS**

- A. AlphaGraphics and Franchisee entered into an AlphaGraphics® Franchise Agreement dated \_\_\_\_\_, \_\_\_\_\_ (the “Franchise Agreement”).
- B. [NOTE: Describe the circumstances relating to the release.]

**AGREEMENTS**

1. **Consideration.** [NOTE: Describe the consideration paid.]
- 2-3. [NOTE: Detail other terms and conditions of the release.]
4. **Release of Claims.**

A. Franchisee and Guarantor and each of their divisions, parent companies, subsidiaries, affiliates, predecessors, successors, insurers, and assigns, and past and present owners, directors, managers, stockholders, shareholders, officers, trustees, members, agents, employees, associates, attorneys, representatives and legal heirs (the “Franchisee Releasing Parties”) completely and irrevocably release and discharge AlphaGraphics and each of its past and present divisions, parent companies, subsidiaries, affiliates, predecessors, successor, insurers, and assigns, and past and present owners, directors, managers, stockholders, shareholders, officers, trustees, members, agents, employees, associates, attorneys, representatives, and legal heirs (the “AlphaGraphics Released Parties”), from any and all actions, suits, claims, demands, obligations, liabilities, losses, costs, expenses, fees, damages, liens, compensation, and causes of action of every nature, character, and description, in law or equity, whether contingent or fixed, whether matured or unmatured, whether known or unknown, that the Franchisee Releasing Parties may have or hold against the AlphaGraphics Released Parties arising out of or related in any way to any conduct, transaction, occurrence, act or omission at any time before the Effective Dates, related to the Franchise Agreement, the development or operation of the Business Center operated pursuant to the Franchise Agreement, the relationship between the parties, the offer or sale of any franchise, or any agreement between the AlphaGraphics Released Parties and the Franchisee Releasing Parties. Except in connection with a negotiated settlement of a bona fide dispute, the foregoing [general](#) release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

B. The Franchisee Releasing Parties specifically and expressly acknowledge and agree that the consideration accepted under this Agreement is accepted in full satisfaction of any and all

Exhibit K  
Page 2

injuries and/or damages that have previously arisen and which may hereafter arise respecting any of the claims being released.

C. The Franchisee Releasing Parties acknowledge that they have had a reasonable opportunity to consult with an attorney prior to signing this release and they have executed this release voluntarily. Also, the Franchisee Releasing Parties represent that they have not assigned or transferred to anyone any claims released by them under Section 4(A) above.

5. **General.** No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of \_\_\_\_\_ without regard to conflicts of laws principles. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

**ALPHAGRAPHICS, INC.:**

**FRANCHISEE:**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

**PERSONAL GUARANTORS:**

\_\_\_\_\_

\_\_\_\_\_

EXHIBIT L

E-COMMERCE ADDENDUM

## EXHIBIT L

### E-COMMERCE ADDENDUM

This **Addendum** to Franchise Agreement (“**Addendum**”), dated as of the effective date noted on the signature page hereto (“**Effective Date**”), is between AlphaGraphics, Inc. (“**Franchisor**”) and the undersigned AlphaGraphics franchisee (“**Franchisee**”). Franchisor and Franchisee are sometimes hereinafter referred to collectively as the “**Parties**” or individually as a “**Party**.”

- A. Franchisor licenses independent franchisees to operate ALPHAGRAPHICS® Business Centers (“**Business Centers**”) throughout the United States. The Business Centers manufacture and produce certain customized print and communications products and services for customers (“**Products**”).
- B. Franchisor and Franchisee have entered into a franchise agreement dated as of the date noted on the signature page hereto (the “**Franchise Agreement**”) whereby Franchisee has been granted the right to operate a Business Center under the AlphaGraphics franchise system and identified by the AlphaGraphics marks (the “**System**”).
- C. Franchisor has established a program (the “**E-commerce Program**”) whereby certain customers (“**E-commerce Customers**”) can purchase Products via Franchisor’s website in accordance with the Terms and Conditions as set forth thereon, which may be updated from time to time by Franchisor (“**Terms and Conditions**”). To facilitate the production and delivery of such Products, Franchisor has the right to fulfill E-commerce Customers’ purchase orders and provide related services for the Products by subcontracting with any of Franchisor’s franchisees as designated by Franchisor to perform such services; provided that such services are performed in accordance with the Terms and Conditions and are otherwise in full compliance with the obligations of the E-commerce Program requirements as set by Franchisor from time to time (“**Program Requirements**”). The Program Requirements are available to Franchisee via Franchisor’s intranet.
- D. Franchisee desires to participate in the E-commerce Program as more specifically set forth herein.

Now therefore, Franchisor and Franchisee agree as follows:

- 1. Defined Terms. Each of the capitalized terms used in this Addendum will have the meanings ascribed to them herein, in the Franchise Agreement, or in the Terms and Conditions. Participation Terms.
  - A. Franchisee agrees to and will fully comply with each of the terms and conditions of this Addendum, the Terms and Conditions, and the Program Requirements as such relate to the sale, production, and delivery of Products to any E-commerce Customer. In connection with an E-commerce Customer’s order of Products through the E-commerce Program, Franchisor will provide information to Franchisee by electronic or other means determined by Franchisor (“**Electronic Information**”) identifying the Products (including any customer-specific

requirements, if any) to be produced by Franchisee and delivered to the E-commerce Customer. The Electronic Information may be modified by Franchisor from time to time. Any such Electronic Information is deemed incorporated herein. To the extent there is any inconsistency between the Terms and Conditions or Electronic Information and this Addendum, the terms of this Addendum will control. To the extent there is any inconsistency between the Terms and Conditions and Electronic Information, the Electronic Information will control.

- B. Franchisee must, in Franchisor's sole determination, satisfy and achieve the requirements specified by Franchisor in order to be certified by Franchisor as meeting the Program Requirements for producing and delivering the Products. Franchisor may revoke any certification at any time if Franchisor, in its sole determination, concludes Franchisee can no longer meet the Program Requirements.
- C. During the term of this Addendum, if an E-commerce Customer places an order for Products, Franchisor may grant Franchisee the opportunity to provide the Products to the E-commerce Customer as long as Franchisor has certified Franchisee as meeting the Program Requirements and has not revoked such certification. If, in Franchisor's sole determination, Franchisee has not satisfied all requirements set forth in this Section 2.C or otherwise failed to comply with this Addendum, the Terms and Conditions, or the Program Requirements, Franchisor may itself, through an affiliate, or by another subcontractor (including another franchisee) provide the Products to the E-commerce Customer, including within the Franchisee's Protected Area.
- D. In exchange for Franchisee's completed provision of Products to an E-commerce Customer, Franchisor will pay Franchisee a service fee ("**Service Fee**") as set forth in the Program Requirements. Franchisor may change the Service Fee at any time upon at least thirty (30) days' notice to Franchisee, via update to the Program Requirements. Service Fees are included in Franchisee's Gross Sales under the Franchise Agreement for the purposes of calculating royalties and other fees.
- E. Franchisor will coordinate all warranty and other Product complaints or inquiries centrally and directly with E-commerce Customers and will, if and to the extent Franchisor deems appropriate, involve Franchisee in the resolution of any claims or complaints. Upon Franchisor's request, Franchisee must fully cooperate, at Franchisee's sole expense, with resolution of claims or complaints, including, without limitation, by participating in mediation.
- F. Franchisor may enter into any agreements with E-commerce Customers upon any terms it determines to be appropriate including, without limitation:
1. The provision of discounts off of regular retail pricing to the E-commerce Customer, whether or not based upon volume pricing commitments;

2.     The payment of commissions to the E-commerce Customer or any party referring the E-commerce Customer;
  3.     The establishment of fixed pricing or other pricing models for an E-commerce Customer;
  4.     The commitment to provide certain performance service levels or performance standards for any E-commerce Customer, including the requirement to provide services within required time periods, the provision of regularly scheduled service, or the use of specialized equipment;
  5.     The provision of centralized billing for the E-commerce Customer through Franchisor or its affiliate;
  6.     The requirement for Franchisee to obtain and maintain insurance levels in addition to those required by the Franchise Agreement; and/or
  7.     The requirement that Franchisee comply with any additional terms of service required by the E-commerce Customer.
- G.     Franchisor, or an affiliate of Franchisor, may enter into agreements for the E-commerce Program for services to be provided within or outside of the Franchisee's Protected Area. Notwithstanding anything to the contrary in the Franchise Agreement, Franchisor has the right to solicit or permit other franchisees or third parties designated by Franchisor to solicit any person or entity located anywhere, including but not limited to, the Protected Area in order to establish them as an E-commerce Customer.
- H.     Franchisor has the sole and exclusive right to supply (in whole or in part) or designate any other entity (including, without limitation, Franchisee, other System franchisees or affiliates of Franchisor) to supply the services to E-commerce Customer, whether the services are delivered to a location inside or outside of the Franchisee's Protected Area. There is no restriction on the right of Franchisor, its affiliate, or a subcontractor (including another franchisee) to provide services or Products to an E-commerce Customer through the E-commerce Program, including within Franchisee's Protected Area.
- I.     Once Franchisee begins to provide services to an E-commerce Customer, Franchisee must continue to perform services to completion for the E-commerce Customer; provided, however, that nothing restricts the right of Franchisor and its affiliates to negotiate or modify the terms of the arrangement with any such E-commerce Customer.
- J.     Franchisor or, alternatively, its affiliates have sole responsibility for and authority to negotiate, modify and agree to any terms of any E-commerce Customer agreement or arrangement. Franchisee will not attempt to make or make any

modifications or additions to any E-commerce Customer agreement or arrangement, nor attempt to negotiate or agree to any additional or different terms from those agreed to by Franchisor and/or its affiliate(s). Franchisee has no authority to enter into agreements on behalf of Franchisor or otherwise bind Franchisor.

K. Franchisor will own all E-commerce Customer data and information. Franchisee will not contact any E-commerce Customer for marketing or any other purposes or make any other use of the E-commerce Customer data without the written consent of Franchisor. Such consent may be granted as provided in the Program Requirements or Electronic Information.

3. Term. This Addendum will commence on the Effective Date and will automatically expire upon the expiration or earlier termination of the Franchise Agreement, unless terminated earlier as set forth below:

A. Franchisor may at any time and without prior notice terminate Franchisee from the E-commerce Program if Franchisee:

1. Fails to comply with any material obligation under the Franchise Agreement, this Addendum, the Terms and Conditions, and/or Program Requirements; or

2. Fails to service any E-commerce Customer strictly in accordance with this Addendum, the Terms and Conditions and/or Program Requirements.

B. If Franchisor terminates Franchisee's participation in the E-commerce Program Franchisee may send a written request to Franchisor for reinstatement to the E-commerce Program. It is a condition precedent to Franchisor's consideration of such request that Franchisee has fully cured the reason for termination of Franchisee from the E-commerce Program.

C. Franchisee may terminate its participation in the E-commerce Program at any time, for any or no reason, upon 90 days' advance written notice.

D. In the event that Franchisor terminates Franchisee's participation in the E-commerce Program or Franchisee is unwilling or unable to timely fill an E-commerce Customer's order, Franchisor may allow another franchisee in the System or an affiliate or third party, in its sole discretion, to provide service to any E-commerce Customer for which Franchisee's rights to service that account have been terminated or that Franchisee has refused to service, without liability or compensation payable to Franchisee.

E. Franchisor may discontinue the E-commerce Program for any reason, at any time, which will have the effect of simultaneously terminating this Addendum.

4. Franchisee Acknowledgements. Franchisee acknowledges the following:

A. Franchisor makes no representation, promise, warranty, or other statement to Franchisee that any particular E-commerce Customer will be of any direct or indirect benefit to Franchisee, monetary or otherwise, or that Franchisee will in fact have the opportunity to service any E-commerce Customer.

B. In addition to any other available right or remedy, Franchisor may withhold partial or complete payment to Franchisee if Franchisee fails to materially comply with the terms of the Franchise Agreement, this Addendum, or Terms and Conditions, and that failure results in:

1. Non- or partial-payment by an E-commerce Customer for the services performed or Products supplied by Franchisee; or

2. Franchisor or its affiliate incurring cost to remedy such failure.

In such case, Franchisor may withhold the amount of the non- or partial-payment, and/or the costs, as applicable, from Franchisee.

In addition, Franchisee must reimburse Franchisor for any costs or expenses Franchisor incurs in connection with or as a result of Franchisee's failure to comply with this Addendum and the Terms and Conditions, including, without limitation, any charges for expedited freight for delivery to an E-commerce Customer, or Franchisor's expenses in obtaining replacement Products for any Customer from any third party (including but not limited to any other franchisees participating in the E-commerce Program). Franchisor may withhold such amounts from any amounts due to Franchisee hereunder.

In addition, Franchisor may offset any amounts due to Franchisee hereunder against any balance due and payable by Franchisee to Franchisor pursuant to the Franchise Agreement, including but not limited to any Royalties.

C. Prior to or concurrently with execution of this Addendum, Franchisee will receive access to Franchisor's intranet and then-current Program Requirements. Thereafter, Franchisor may modify the E-commerce Program at any time as it deems appropriate, including any policies, procedures, and such other terms as may be set out in the Operations Manual or Program Requirements or Electronic Information. At no time will Franchisor be obligated or responsible to provide, nor assume any liability for providing, the Program Requirements or Electronic Information to Franchisee in any other manner. Franchisee is responsible for ensuring Franchisee has reviewed the most current version of the Operations Manual, Program Requirements and Electronic Information, and Franchisee's continued participation in the E-commerce Program (by virtue of continuing to fulfill E-Customer orders) indicates Franchisee's acceptance of any such modifications.



5. Obligations; Representations and Warranties.

- A. Franchisee will comply with all Applicable Law governing its performance hereunder. Franchisee will obtain and maintain all Permits necessary to produce, sell, and transport the Products to E-commerce Customers.
- B. With respect to the sale of any Products to an E-commerce Customer, Franchisee represents, covenants, and warrants that the Products will: (a) be of high quality and free from material defect; (b) be merchantable, safe, and suitable for their intended purpose; (c) be new and not used, remanufactured, or reconditioned; (d) conform to Product Specifications; and (e) be delivered with good title, free from any security interest or other claim, lien, or encumbrance of any kind whatsoever against them. All other express or implied representations and warranties including those provided by the Uniform Commercial Code applicable to the Products are specifically disclaimed.
- C. Except as otherwise permitted in the Addendum, Franchisee will keep and maintain the Confidential Information of Franchisor and any E-commerce Customer in strict confidence and will not disclose any of the Confidential Information to any person or entity.

6. Data Privacy.

- A. For purposes of this Section 6, “Personal Information” means information that is received from Company, or collected on Company’s behalf, that identifies, relates to, describes, is capable of being associated with, or is linked or could reasonably be linked, directly or indirectly, with a particular consumer or household, and including particular elements of “personal information” as defined under Cal. Civ. Code § 1798.140.
- B. With regard to Personal Information that Franchisee may collect, receive, or otherwise process as a result of any agreements between Franchisee and Company (or its subsidiaries or affiliates), including this Agreement, Franchisee agrees and certifies that it will: (i) process Personal Information only for the limited and specified purposes of providing services requested by Company; (ii) notify Company, and provide Company with the ability to object, before transmitting Personal Information to a service provider, sub-processor, subcontractor, or other vendor; (iii) require any service provider, sub-processor, subcontractor, or other vendor that receives Personal Information to agree to provisions materially similar to those found within this Section 6; (iv) cooperate and assist Company with responding to any request from an individual to exercise their rights under a data privacy or data security law or regulation; (v) comply with all applicable data privacy and data security laws including, but not limited to, Cal. Civ. Code 1798.100. et seq; (vi) notify Company if it believes that it can no longer meet the obligations of this Section 6; (vii) implement and maintain reasonable and appropriate security procedures and practices designed to protect the Personal Information from unauthorized access, destruction, use, modification, or

disclosure; (viii) notify Company immediately after becoming aware of any loss, unauthorized or unlawful processing, destruction, damage, alteration, or unauthorized disclosure of, or access to, the Personal Information (a "Security Breach"), and cooperate with Company in the event of a Security Breach including by sharing information relevant to the Security Breach; and/or (ix) allow and contribute to reasonable audits by Company, including inspections by the Company or its auditor, to verify Franchisee's compliance with data processing and security obligations and applicable data protection statutes and regulations.

C. Franchisee further agrees and certifies that it will not: (i) sell, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information to another business or a third party for monetary or other valuable consideration; (ii) retain, use, disclose, collect, sell, or otherwise process Personal Information for any purpose other than for the specific purpose of, and as necessary for, performing services for Company pursuant to a written agreement(s); for clarity, Franchisee may not retain, use, or disclose the Personal Information for any other commercial purposes or outside of the direct business relationship between Franchisee and Company; (iii) combine the Personal Information that it receives from Company with the Personal Information that it receives from another company or business (or that it collects from its own interaction with individuals), except if expressly permitted to do so by Company or required to do so by law; and/or (iv) share, rent, release, disclose, disseminate, make available, transfer, or otherwise communicate orally, in writing, or by electronic or other means, Personal Information for the purpose of cross-context behavioral advertising.

D. This Section 6 will survive expiration or termination of this Agreement and any other agreement(s) that may exist between Franchisee and Company (or its subsidiaries or affiliates). Existing terms in such agreement(s) remain in effect except that this Section 6 controls in the event of a conflict with such terms. In the event of a breach of this Section 6, Company may take reasonable and appropriate steps to stop and remediate the unauthorized use by Franchisee of Personal Information. Franchisee agrees to execute amendments to this Addendum presented by Franchisor from time to time relating to compliance with then-current privacy or consumer protection laws or regulations, including Applicable Law (if defined in the Franchise Agreement).

7. Subcontracting. Franchisee may subcontract the work to be performed hereunder; provided, however, that Franchisee shall (A) require its subcontractors to comply with all applicable terms and conditions of this Addendum; and (B) remain fully liable for the performance of any such subcontractor. Without limiting the foregoing, Franchisee shall ensure that any subcontractor agrees to the requirements set forth in Section 6 above.

8. Amendment. This Addendum modifies the Franchise Agreement. In the event of any conflict between the terms of this Addendum and the terms of the Franchise Agreement,

the terms of this Addendum will control. Except as expressly modified by this Addendum, all other provisions, representations, and acknowledgements of the Franchise Agreement are hereby ratified and confirmed, and remain in full force and effect. This Addendum cannot be amended or modified except by a written instrument signed by the Parties; provided, however, that Franchisor, at its sole option, may amend or modify the Terms and Conditions, Program Requirements including the Service Fee, and Electronic Information from time to time as stated herein.

*[Remainder of page intentionally left blank – signature page follows]*

**ACKNOWLEDGED AND AGREED**

The Parties hereby agree to the terms of this Addendum effective as of the Effective Date.

**AlphaGraphics, Inc.:**

By: \_\_\_\_\_  
(Authorized Signatory)

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

**Franchisee:**

\_\_\_\_\_

By: \_\_\_\_\_  
(Authorized Signatory)

Franchise Agreement Date(s): \_\_\_\_\_

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration:

California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	October 2, <del>2022</del> <a href="#">2023</a>
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

## RECEIPT

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 AlphaGraphics, Inc. ("AlphaGraphics") offers you a franchise, AlphaGraphics must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, AlphaGraphics or AlphaGraphics' affiliate in connection with the proposed franchise sale. Iowa and New York require that AlphaGraphics gives you this Disclosure Document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that AlphaGraphics gives 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.

If AlphaGraphics does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and those state administrators listed on Exhibit E.

The franchisor is AlphaGraphics, Inc. located at 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228. Our telephone number is (800) 955-6246.

Issuance Date: April 25, ~~2023~~2024

AlphaGraphics' franchise sellers involved in offering and selling the franchise to you are Ryan Farris, Bill McPherson, Dale Myska, ~~William "Kirk" Allen~~, Christine "Chrys" Richardson, Matthew Isom, ~~and/or~~ Leticia Wilson, ~~and/or Brad Swimmer~~, 143 Union Boulevard, Suite 650, Lakewood, Colorado 80228, (800) 955-6246, or is listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_.

AlphaGraphics authorizes the respective state agencies identified on Exhibit E to receive service of process for AlphaGraphics in the particular state.

I have received a Disclosure Document dated April 25, ~~2023~~2024, which included the following Exhibits:

- |  |   |
|--|---|
| (A) Area Development Agreement   | (G) Authorization for Electronic Funds Transfer                 |
| (B) Franchise Agreement  | (H) State Specific Addenda and Agreement Riders                 |
| (C) List of Current AlphaGraphics <sup>®</sup> Franchisees and Area Developers | (I) Acquire and Convert/Conversion Rider to Franchise Agreement |
| (C-1) List of Former Franchisees   | (J) Transfer Rider to Franchise Agreement                       |
| (D) Financial Statements   | (K) General Release Form  |
| (E) List of State Agencies/Agents for Service of Process                       | (L) <u>E-Commerce Addendum Form</u>                             |
| (F) Operations Manual Table of Contents  |   |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

Copy for Franchisee

Last Page

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| (F) Operations Manual Table of Contents                            |   |

Date: \_\_\_\_\_  
(Do not leave blank)

\_\_\_\_\_  
Signature of Prospective Franchisee

\_\_\_\_\_  
Print Name

Copy for AlphaGraphics, Inc.

Please sign and date both copies of this receipt, keep one copy (the previous page) for your records, and mail one copy (this page) to the address listed on the front page of this Disclosure Document or send to the Franchise Development Sales and Support Manager by email to [opportunity@alphagraphics.com](mailto:opportunity@alphagraphics.com) or by fax to (801) 533-7959.

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