

FRANCHISE DISCLOSURE DOCUMENT



HPB Foam LLC
A Pennsylvania limited liability company
2525 N. 117th Avenue, Third Floor
Omaha, NE 68164
1 (800) 490-8991
franchising@ifoam.com
www.ifoam.com

We offer qualified individuals the right to operate a business that specializes in commercial and residential foam spray insulation products and services under the “iFoam” and “iFoam Insulation” marks.

The total investment necessary to begin operation of an iFoam business ranges from \$172,284 to \$265,996, which includes \$27,495 to \$32,495 in fees that must be paid to us or our affiliates prior to opening. We also offer qualified parties the right to enter into multiple franchise agreements at once and subsequently operate multiple iFoam businesses. The total investment necessary to operate two to three iFoam businesses is \$187,284 to \$325,966, which includes \$32,495 to \$72,495 in fees that must be paid to us or our affiliates prior to opening. The total investment necessary to operate four to five iFoam businesses is \$237,284 to \$385,966, which includes \$72,495 to \$112,495 in fees that must be paid to us or our affiliates prior to opening.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or an affiliate of ours 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 to you. To discuss the availability of disclosures in different formats, contact iFoam’s Home Office at 2525 N. 117th Avenue, Omaha, Nebraska 68164 or call 1 (800) 490-8991.

The terms of your contract will govern your franchise relationship. Don’t rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

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

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

The Issuance Date of this Disclosure Document is April 29, 202, as amended January 29, 2025.

How to Use This Franchise Disclosure Document

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

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

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda, set forth on [Exhibit D](#) and pages (v), (vi) and (vii) of this Franchise Disclosure Document.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Pennsylvania. Out- of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Pennsylvania than in your own states.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **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.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse’s marital and personal assets, perhaps including your house, at risk if your franchise fails.
5. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” set forth on Exhibit D to see whether your state requires other risks to be highlighted.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CONNECTICUT**

The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MICHIGAN**

NOTICE

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you.

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

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

iii. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

iv. The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

I. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchise 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 the notice should be directed to the Michigan Department of Attorney General, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

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.

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES 10
ITEM 2 BUSINESS EXPERIENCE 15
ITEM 3 LITIGATION..... 17
ITEM 4 BANKRUPTCY 18
ITEM 5 INITIAL FEES..... 18
ITEM 6 OTHER FEES..... 19
ITEM 7 ESTIMATED INITIAL INVESTMENT 24
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 31
ITEM 9 FRANCHISEE’S OBLIGATIONS 36
ITEM 10 FINANCING 38
**ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND
TRAINING 39**
ITEM 12 TERRITORY 52
ITEM 13 TRADEMARKS..... 53
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION..... 56
**ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE
FRANCHISED BUSINESS 57**
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 58
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 58
ITEM 18 PUBLIC FIGURES..... 69
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS 69
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION 72
ITEM 21 FINANCIAL STATEMENTS..... 77
ITEM 22 CONTRACTS 77
ITEM 23 RECEIPTS 77

Exhibits

Exhibit A	List of State Administrators and Agents for Service of Process
Exhibit B	Franchise Agreement
Exhibit C	Multi-Unit Addendum
Exhibit D	State Specific Addenda
Exhibit E	Financial Statements
Exhibit F	Sample Termination and Release Agreement
Exhibit G	Operations Manual Table of Contents
Exhibit H	List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year
Exhibit I	State Effective Dates
Exhibit J	Receipts

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

The Franchisor, HPB Foam LLC, is referred to in this Disclosure Document as “we,” “us” or “our.” “You” or “your” means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

We are a limited liability company organized under the laws of the Commonwealth of Pennsylvania on October 1, 2021. Our principal business address is 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. We conduct business under our corporate name, and the trade names and trademarks “iFoam” and “iFoam Insulation.” Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We grant qualified individuals the right to operate a business that offers and sells spray foam insulation products and services to residential and commercial customers under the “iFoam” mark and “iFoam Insulation” (the “iFoam Business” or “Franchised Business”). We have been franchising since January 2022. Other than the above services, we do not engage in any other business activities and have not offered franchises in any other line of business.

The iFoam Business

Your iFoam Business will offer residential services to customers within a defined protected territory (the “Protected Territory”) on a year-round basis. Specifically, Residential Services include: (i) new and replacement residential attic insulation services; (ii) new and replacement residential crawl space insulation services; (iii) residential blow in and removal of insulation services; and (iv) residential spray foam insulation service (collectively, the “Approved Products and Services”). You do not need any specific prior experience in these areas of service to operate an iFoam Business.

Provided that Franchisee meets Franchisor’s then-current criteria for providing Commercial Services, and is not in default of any provision of this Agreement, then Franchisee will be authorized to offer, sell, and perform, any insulation services of any building not specifically identified above as a “Residential Service” in any geographic area, inside or outside of their Protected Territory. Until such time as Franchisee becomes expressly authorized to perform the Commercial Services, Franchisee shall have no right to Commercial Services contracts within the Protected Territory, and other iFoam franchisees may perform Commercial Services within the Protected Territory using the Marks. If Franchisor grants Franchisee the right offer, sell, and perform the Commercial Services, Franchisee may offer, sell, and perform the Commercial Services in any geographic area, inside or outside of their Protected Territory, and, furthermore, if Franchisor grants another iFoam Franchisee the right to offer, sell, and perform the Commercial Services, such other iFoam Franchisee may offer, sell, and perform the Commercial Services in any geographic area, which may be inside of Franchisee’s Protected Territory for Residential Services.

Each iFoam Business operates according to our proprietary business system which includes: (a) methods to assess residential and commercial properties; (b) methods to use, provide and install the Approved Products and Services; (c) customized and proprietary software; and (d) general procedures for operating and managing an iFoam Business, including scheduling, job estimating, production of the work, and sales processes (the “System”).

You must enter into our form of franchise agreement (each, a “Franchise Agreement”), which is attached to this Disclosure Document as Exhibit B, for each iFoam Business we grant you the right to open and operate.

As a franchisee, you and your team will provide estimates for customers seeking the Approved Products and Services. When a customer places a work order, you will schedule the work order with your employees or a reputable subcontractor for installation or services. It is your responsibility to maintain a team of qualified employees or otherwise create a network of reputable subcontractors who will perform the work.

Multi-Unit Offerings

We also offer qualified parties the right to enter our Multi-Unit Addendum attached to this Disclosure Document as Exhibit C (“Multi-Unit Addendum”). Subject to the terms of the Multi-Unit Addendum, you will be granted the right to execute two or more Franchise Agreements to open and operate two (2) or more iFoam Businesses at once, each with their own Protected Territory that are typically contiguous to one another (“Multi-Unit Offering”). You will sign the Franchise Agreement attached to this Disclosure Document as Exhibit B for each Protected Territory that you are granted. Each iFoam Business will be opened and operated pursuant to its respective Franchise Agreement, but you will also need to comply with the terms and conditions set forth in our form of Multi-Unit Addendum, including, but not limited to, minimum purchasing requirements, minimum vehicle requirements, and other requirements as set forth in this Disclosure Document and the Multi-Unit Addendum (which will apply to your operation of all iFoam Businesses granted as part of your Multi-Unit Offering).

You will be required to sign all Franchise Agreements associated with your Multi-Unit Offering, as well as your Multi-Unit Addendum, at the same time. As of the issuance date of this Disclosure Document, we do not intend or expect to offer a new prospect the right to enter into a Multi-Unit Offering for more than five (5) iFoam Businesses (but we reserve the right to do so).

Parents, Predecessors and Affiliates

Our parent is JEZ Investments LLC, a Pennsylvania limited liability company organized on May 12, 2020, with a principal address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164.

We have one predecessor, I-Foam LLC, an Alabama limited liability company formed on December 14, 2011, with a principal business address at 1916 Regent Road, Prattville, AL 36066. I-Foam LLC began offering franchises to operate a commercial and residential spray foam insulation business under the name “iFoam” in 2012. I-Foam LLC has operated a commercial and residential spray foam insulation business in Prattville, Alabama, since 2012. We acquired certain assets and confidential information from iFOAM Franchise Group LLC (“iFOAM Franchise Group”), an Alabama limited liability company formed on January 16, 2021, with a principal business address at 1916 Regent Road, Prattville, AL 36066, on November 15, 2021. We also acquired one existing franchise agreement from I-Foam LLC on November 15, 2021. Historical information contained in this Disclosure Document relating to the events before November 15, 2021, represents information about I-Foam LLC. Our affiliate HPB Foam Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with an address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Foam Holdings LLC owns the HPB Foam Marks, confidential information, copyrights, and related intellectual property associated with the HPB Foam System. HPB Foam Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HorsePower Nation LLC, is a Pennsylvania limited liability company organized on May 19, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HorsePower Nation LLC engages in franchise consulting services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HorsePower Nation LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate, HPB Accounting LLC d/b/a ZeeBOOKS, is a Pennsylvania limited liability company organized on June 21, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Accounting LLC engages in accounting services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Accounting LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Automotive Sales LLC d/b/a HPB Fleet, is a Pennsylvania limited liability company organized on January 18, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Automotive Sales LLC engages in automotive sales services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB Automotive Sales LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Blinds and Shutters LLC d/b/a Bumble Bee Blinds (“HPB Blinds and Shutters”), is a Pennsylvania limited liability company organized on June 29, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since September 2022, HPB Blinds and Shutters LLC has franchised a business that offers and sells blinds and shutters installation services to residential and commercial customers under the mark “Bumble Bee Blinds”.

Our affiliate HPB Blinds and Shutters Holdings LLC, is a Pennsylvania limited liability company organized on July 11, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Blinds and Shutters Holdings LLC owns the HPB Blinds and Shutters Marks, confidential information, copyrights, and related intellectual property associated with the HPB Blinds and Shutters System. HPB Blinds and Shutters Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Fencing LLC d/b/a Stand Strong Fencing (“HPB Fencing”), is a Pennsylvania limited liability company organized on May 10, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since October 2023, HPB Fencing LLC has franchised a business that offers and sells fencing installation services to residential and commercial customers under the mark “Stand Strong Fencing”.

Our affiliate HPB Fencing Holdings LLC, is a Pennsylvania limited liability company organized on May 15, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Fencing Holdings LLC owns the HPB Fencing Marks, confidential information, copyrights, and related intellectual property associated with the HPB Fencing System. HPB Fencing Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Glass LLC, d/b/a Gatsby Glass (“HPB Glass”), is a Pennsylvania limited liability company organized on February 3, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since June 2022, HPB Glass LLC has franchised a business that offers and sells glass installation products and services to residential and commercial customers under the mark “Gatsby Glass”.

Our affiliate HPB Glass Holdings LLC, is a Pennsylvania limited liability company organized on February 4, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Glass Holdings LLC owns the HPB Glass Marks, confidential information, copyrights, and related intellectual property associated with the HPB Glass System. HPB Glass Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of

business.

Our affiliate HPB HVAC LLC, d/b/a Varsity Zone (“HPB HVAC”), is a Pennsylvania limited liability company organized on July 11, 2023, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since July 2024, HPB HVAC LLC franchised a business that offers and sells heating, ventilation, and air conditioning services products and services to residential and commercial customers under the mark “Varsity Zone”.

Our affiliate HPB HVAC Holdings LLC is a Pennsylvania limited liability company organized on December 26, 2023, with an address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB HVAC Holdings LLC owns the HPB HVAC Marks, confidential information, copyrights, and related intellectual property associated with the HPB HVAC System. HPB HVAC Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB iFoam Omaha LLC d/b/a iFoam Insulation 105, is a Nebraska limited liability company organized on May 12, 2022, with a principal business address of 7811 S. 134th Street, Omaha, Nebraska 68138. HPB iFoam Omaha LLC is a company owned iFoam franchisee.

Our affiliate HPB Lawn Care LLC d/b/a Heroes Lawn Care (“HPB Lawn Care”) is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since March 2022, HPB Lawn Care has franchised a business that offers and sells fertilization, irrigation, and pet waste removal services to residential and commercial customers under the marks “Heroes Lawn Care”, “Heroes Fertilizer Force”, “Heroes Irrigation Army”, and “Heroes Doody Duty”.

Our affiliate HPB Lawn Care Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lawn Care Holdings LLC owns the Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lawn Care System. HPB Lawn Care Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Lighting LLC d/b/a Blingle! and Blingle Premier Lighting (“HPB Lighting”) is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2021, HPB Lighting has franchised a business that offers and sells holiday lighting, installation, maintenance, and storage to residential and commercial customers under the marks “Blingle!” and “Blingle Premier Lighting” (the “Blingle! Business”).

Our affiliate HPB Lighting Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Lighting Holdings LLC owns the HPB Lighting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Lighting System. HPB Lighting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Marketing LLC d/b/a Franchise Procurement (“HPB Marketing”) is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address is 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Marketing engages in franchise procurement services and may provide these services to our franchisees and to franchisees of certain of our affiliates. HPB

Marketing does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Painting LLC d/b/a Groovy Hues Peace Love Paint Powerwash (“HPB Painting”), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since August 2022, HPB Painting has franchised a business that offers and sells painting and power washing services to residential and commercial customers under the mark “Groovy Hues Peace Love Paint Powerwash”.

Our affiliate HPB Painting Holdings LLC, is a Pennsylvania limited liability company organized on June 27, 2022, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Painting Holdings LLC owns the HPB Painting Marks, confidential information, copyrights, and related intellectual property associated with the HPB Painting System. HPB Painting Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate HPB Wholesale Lighting LLC (“HPB Wholesale Lighting”), is a Pennsylvania limited liability company organized on October 1, 2021, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. HPB Wholesale Lighting is a vendor of lighting inventory required to be purchased in order to operate the Blingle! Business. HPB Wholesale Lighting does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate MDR United LLC d/b/a Mighty Dog Roofing (“MDR”) is a Pennsylvania limited liability company organized on May 12, 2020, with a principal business address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. Since November 2020, MDR has franchised a business that offers and sells roofing services to residential and commercial customers under the mark “Mighty Dog Roofing”.

Our affiliate MDR United Holdings LLC is a Pennsylvania limited liability company organized on October 1, 2021, with an address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. MDR United Holdings LLC owns the MDR Marks, confidential information, copyrights, and related intellectual property associated with the MDR System. MDR United Holdings LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Our affiliate SVHB Marketing LLC d/b/a HorsePower Brands, a Pennsylvania limited liability company organized on May 13, 2020, with a principal address of 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164. SVHB Marketing LLC engages in franchise administration services. SVHB Marketing LLC does not own or operate a business of the type being franchised and has never offered franchises in this or any other line of business.

Except as noted above, we do not have any parent or affiliates that: (a) offer or operate franchises in any line of business; or (b) provide products or services to System franchisees.

Market and Competition

Your iFoam Business will offer our Approved Products and Services to the public, which will include residential and commercial property owners, residential and commercial property builders, and property managers. The market for Approved Products and Services is well developed, and there will be competition from other national and regional chains and local businesses that offer spray foam insulation and similar products and services within the Protected Territory you are granted. Our Approved Products and Services

are seasonal and may be affected by climate, weather or other environmental conditions. Your competitive advantage in the marketplace will be based on your adherence to our System standards and guidelines, as well as your entrepreneurial and managerial abilities and focus on customer service, in the operation of your iFoam Business.

Industry Specific Regulations

Your iFoam Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of a insulation business, which may include laws related to licenses, permits, or certifications associated with the installation of various insulation products or operation of your iFoam Business. Various states, including Arizona, Florida, Massachusetts, and Nevada have contractors' licensing laws, which apply generally to persons defined as "contractors" under applicable law. In addition, various states including California, Florida, Georgia, Indiana, Kentucky, Louisiana, Massachusetts, Michigan, New Jersey, New York, Ohio, Oklahoma, Texas, and West Virginia have laws which regulate the terms of home improvement contracts with customers. The iFoam Business will also be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding the use, handling, transportation, and disposal of hazardous materials.

There are federal, state and possibly local laws covering how to classify workers, for example, whether as independent contractors or employees, or as exempt or non-exempt, for different purposes, such as tax, wage and hour laws, unemployment compensation and workers' compensation. These laws and regulations can vary from state to state, city to city and at the federal level, and could affect, in some instances materially, the operation of your iFoam Business. You should investigate the application of these laws further.

ITEM 2 **BUSINESS EXPERIENCE**

Michael McAllister: Group President

Michael McAllister has served as our Group President since December 2024. Since December 2025, Mr. McAllister has served as Group President for our affiliate HPB Fencing LLC of Omaha, Nebraska. Since December 2024, Mr. McAllister has served as Group President for our affiliate HPB Glass LLC of Omaha, Nebraska. From December 2024 to November 2025, Mr. McAllister has served as Group President for our affiliate HPB HVAC LLC of Omaha, Nebraska. From May 2024 until November 2024, Mr. McAllister has served as the Group President for our affiliates, HPB Lawn Care LLC and HPB Lighting LLC, each of which are located in Omaha, Nebraska. From March 2022 until November 2023, Mr. McAllister served as the Vice President of Operations for Line-X of Huntsville, Alabama. From July 2019 until March 2022, Mr. McAllister served as Director of Field Operations for Profile by Sanford of Sioux Falls, South Dakota.

Anthony Coleman: Brand President

Anthony Coleman has served as our Brand President since August 2025. From April 2022 until August 2025, Mr. Coleman served as our Director of Field Operations. From July 2019 until November 2022, Mr. Coleman served as the Service Representative at Carlisle Fluid Technologies of Scottsdale, Arizona.

Keith Barnes: Director of Franchise Development

Keith Barnes has served as our Director of Franchise Development since January 2024. From September 2022 until January 2024, Mr. Barnes served as our Franchise Business Coach and National New Construction Manager. From May 2022 until September 2022, Mr. Barnes served as our Director of Franchise Development. From November 2018 until May 2022, Mr. Barnes served as Franchise Development at Signal Security of Omaha, Nebraska.

Anthony “Tony” Hulbert: Chief Executive Officer

Anthony Hulbert has served as our Chief Executive Officer since October 2021. Since July 2023, Mr. Hulbert has served as the Chief Executive Officer for our affiliate HPB HVAC LLC of Omaha, Nebraska. Since May 2023, Mr. Hulbert has served as the Chief Executive Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Hulbert has served as the Chief Executive Officer of our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which are located in Omaha, Nebraska. Since October 2021, Mr. Hulbert has served as the Chief Executive Officer our affiliates HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, MDR United LLC, and SVHB Marketing LLC d/b/a Horsepower Brands, each of which are located in Omaha, Nebraska. From January 2021 until September 2021, Mr. Hulbert served as the Chief Financial Officer for us and our affiliate SVHB Marketing LLC d/b/a Horsepower Brands of Omaha, Nebraska. From October 2017 until January 2021, Mr. Hulbert served as the Vice President of Sales and Marketing for LinPepCo of Lincoln, Nebraska.

Donald Conway: President

Donald Conway has served as our President since January 2025. Since January 2025, Mr. Conway has served as President for our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Glass LLC, HPB Painting LLC, HPB Lawn Care LLC, MDR United LLC, and SVHB Marketing LLC, each of which are located in Omaha, Nebraska. From May 2023 until December 2024, Mr. Conway served as the Chief Operating Officer for us and our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, HPB Foam LLC, HPB Glass LLC, and SVHB Marketing LLC, each of which are located in Omaha, Nebraska. From February 2022 until April 2023, Mr. Conway served as the Brand President for our affiliate HPB Foam LLC of Omaha, Nebraska. From July 2021 until February 2022, Mr. Conway served as the Chief Financial Officer for Vio Security of Irving, Texas. From January 2016 until July 2021, Mr. Conway served as the Chief Financial Officer for Signal 88, LLC of Omaha, Nebraska.

Mark Stanek: Chief Operating Officer

Mark Stanek has served as our Chief Operating Officer since April 2022. Since July 2023, Mr. Stanek has served as the Chief Operating Officer for our affiliate HPB HVAC LLC of Omaha, Nebraska. Since May 2023, Mr. Stanek has served as the Chief Operating Officer of our affiliate HPB Fencing LLC of Omaha, Nebraska. Since June 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since April 2022, Mr. Stanek has served as the Chief Operating Officer of our affiliates HPB Painting LLC, HPB Lawn Care LLC, HPB Lighting LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/ Horsepower Brands, each of which is located in Omaha, Nebraska. From June 2021 until March 2022, Mr. Stanek served as our Brand President. From May 2019 until May 2021, Mr. Stanek served as the Chief Financial Officer for Sympateco Inc. of Omaha, Nebraska.

Michael Stillmock: Chief Financial Officer

Michael Stillmock has served as our Chief Financial Officer since December 2021. Since July 2023, Mr. Stillmock has served as the Chief Financial Officer for our affiliate HPB HVAC LLC of Omaha,

Nebraska. Since June 2022, Mr. Stillmock has served as the Chief Financial Officer for our affiliate HPB Blinds and Shutters LLC and HPB Glass LLC, each of which is located in Omaha, Nebraska. Since December 2021, Mr. Stillmock has served as the Chief Financial Officer of our affiliates HPB Lawn Care LLC, HPB Painting LLC, HPB Lighting LLC, MDR United LLC, and SVHB Marketing LLC d/b/a/Horsepower Brands, each of which are in Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Due Diligence of our affiliate SVHB Marketing LLC d/b/a/Horsepower Brands of Omaha, Nebraska. From September 2021 until December 2021, Mr. Stillmock served as the Director of Sales and On-Boarding and our affiliates MDR United LLC and SVHB Marketing LLC d/b/a Horsepower Brands, each of which is located in Omaha, Nebraska. From June 2019 until August 2021, Mr. Stillmock served as an Audit Manager for KPMG of Omaha, Nebraska.

Laura Vodvarka: Chief Marketing Officer

Laura Vodvarka has served as our Chief Marketing Officer since September 2023. Since September 2023, Mrs. Vodvarka has served as the Chief Marketing Officer for us and our affiliates HPB HVAC LLC, HPB Fencing LLC, HPB Blinds and Shutters LLC, HPB Glass LLC, HPB Lighting LLC, HPB Painting LLC, HPB Lawn Care LLC, MDR United LLC, and SVHB Marketing LLC d/b/a HorsePower Brands, each of which are located in Omaha, Nebraska. From January 2023 until September 2023, Mrs. Vodvarka served as the President of Customer Experience of our affiliate SVHB Marketing LLC of Omaha, Nebraska. From May 2022 until December 2022, Mrs. Vodvarka served as our Brand President. From November 2020 until May 2022, Mrs. Vodvarka served as the Director of Franchise Development and Marketing for Clear Summit Group of Ontario, Toronto. From September 2007 until November 2020, Mrs. Vodvarka served as the Vice President of Innovation for Signal 88 of Omaha, Nebraska.

ITEM 3 **LITIGATION**

Pending Actions:

1. Schaefer, et al. v. HPB Foam LLC et al. (E.D.Pa. No. 2:24-cv-06298). On November 25, 2024, Plaintiffs Werner Schaefer, Leah Schaefer, and Shepherd International Innovations, Inc. (a former iFoam franchisee) filed a civil action in the U.S. District Court for the Eastern District of Pennsylvania (the “Initial Complaint”) against us, HPB Foam LLC, our parent company SVHB Marketing LLC d/b/a HorsePower Brands, affiliated entities, and individual executives Josh Skolnick, Zach Beutler, and Tony Hulbert (collectively, the “HPB Parties”). On March 7, 2025, Plaintiffs filed an Amended Complaint. Both the Initial Complaint and the Amended Complaint alleged fraud and intentional misrepresentation, negligent misrepresentation, breach of contract and the implied covenant of good faith and fair dealing, and violations of the Texas Deceptive Trade Practices Act and the Pennsylvania Unfair Trade Practices and Consumer Protection Law. Plaintiffs sought rescission of their franchise agreements, monetary damages, declaratory judgment, and reasonable attorneys’ fees and costs. On April 4, 2025, the HPB Parties filed a motion to dismiss the Amended Complaint (the “Motion to Dismiss”). On July 8, 2025, the Court granted the Motion to Dismiss in part. The Court dismissed all claims with prejudice against our parent company SVHB Marketing LLC d/b/a HorsePower Brands, affiliated entities, and individual executives Josh Skolnick, Zach Beutler, and Tony Hulbert. The Court also dismissed several claims against us, HPB Foam LLC, including any claims to the extent Plaintiffs relied on any fraud or misrepresentations outside the Franchise Disclosure Document or the Franchise Agreements, as set forth in the Court’s ruling. The remaining claims pending against HPB Foam LLC are (i) breach of contract, (ii) implied covenant of good faith and fair dealing, (iii) fraud and intentional misrepresentation, and (iv) negligent misrepresentation, to the extent such claims concern alleged conduct relating to the Franchise Disclosure Document or the Franchise Agreements and are not

otherwise barred, as set forth in the Court’s ruling. The litigation is pending, and no determination has been made. HPB Foam LLC denies the allegations and is vigorously defending the case.

Concluded Actions: None

Material Civil Actions During the Prior Fiscal Year involving our Parent, Affiliates and Certain Item 2 persons:

1. Beutler Holdings, LLC and Zachery Beutler v. Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (American Arbitration Association, Omaha, Nebraska). On December 8, 2025, Beutler Holdings, LLC and Zachery Beutler (collectively, the “Claimants”) filed a demand for arbitration with the American Arbitration Association in Omaha, Nebraska against Joshua Skolnick, Skolnick Holdings, LLC, and JEZ Investments, LLC (collectively, the “Respondents”). The arbitration arises out of disputes concerning the governance, ownership interests, and operation of JEZ Investments, LLC. The Claimants assert claims for fraudulent misrepresentation, declaratory judgment, minority oppression, breach of the fiduciary duty of good faith and fair dealing, breach of the fiduciary duty of care, statutory dissolution, and breach of the second operating agreement. The Claimants seek, among other relief, rescission of the second operating agreement, monetary damages in an unspecified amount, declaratory relief regarding ownership interests, dissolution of JEZ Investments, LLC, and reasonable attorneys’ fees and costs. The Respondents deny the allegations and contend that the claims are barred by, and subject to, the terms of the governing operating agreement. The arbitration is pending, and no determination has been made. The Respondents plan to vigorously defend against this arbitration demand.

Other than the actions disclosed above, 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**

Territory Fee. You must pay Franchisor a lump sum territory fee (the “Territory Fee”) in an amount equal to the greater of: (i) Fifteen Thousand Dollars (\$15,000.00); or (ii) the sum of One Hundred Dollars (\$100.00) per 1,000 general population in the Protected Territories. Each 200,000 of general population shall be considered one (1) “Protected Territory”.

The Territory Fee is due on the “Commencement Date”, or the first day of the calendar month that is four (4) full calendar months after the month in which you executed the Franchise Agreement. (For illustration, if you sign the Franchise Agreement on January 12th, the Commencement Date will be June 1st). The Territory Fee shall be deemed fully earned and non-refundable upon payment, in consideration of administrative and other marketing, sales, and expenses Franchisor incurs in granting the franchise, including fees and expenses paid by Franchisor to third-party networks, consultants, and brokers.

In the event that you are an existing franchisee of one of our current or future affiliates, your Initial Franchise Fee may be discounted, at Franchisor’s discretion.

All fees and expenses described in this Item 5 are non-refundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a

franchise under this Disclosure Document, and they are payable to us in a lump sum and are deemed fully earned upon receipt by us.

Brand Marketing Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or an affiliate (as we designate), a brand marketing fee (“Brand Marketing Fee”) of \$2,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with our brand standards and specifications, as more fully set forth in our Operations Manual. If you purchase more than one (1) Protected Territory you are only required to pay one (1) Brand Marketing Fee. This is a one-time fee.

Tuition Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then current initial training Tuition Fee (defined herein) of \$4,995 to attend our Initial Training Program (defined herein), for you, your Designated Manager (if applicable), and any other staff or personnel you designate. This is a one-time fee. The Tuition Fee covers the costs of training during the Initial Training Program. If you purchase more than one (1) Protected Territory, you are only required to pay one Tuition Fee for the Initial Training Program for you and up to two (2) additional attendees. See Item 11 for more details.

ZeePartnerships Fee. Within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a one-time zeepartnerships fee (the “ZeePartnerships Fee”) of \$5,000. The ZeePartnerships Fee covers the costs of building, developing, and maintaining national and regional strategic partnerships that assist in promoting brand awareness and creating lead generation opportunities. If you purchase more than one (1) Protected Territory, you are only required to pay one ZeePartnerships Fee.

Except as described above, all the fees described in Item 5 are paid in a lump sum and are uniformly calculated and imposed.

ITEM 6
OTHER FEES

THE AMOUNTS SET FORTH BELOW IN THIS ITEM 6 ARE SUBJECT TO CHANGE.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Monthly Franchise Fee	The greater of (i) \$3,000 per month; or (ii) \$3.00 per 1,000 general population in each Protected Territory.	Monthly via Electronic Funds Transfer from your bank account.	See Notes 1 and 2
Late Payment	The then-current late fee. Currently, \$100 per incident plus 1½% interest per month, or maximum allowed by law.	When payment is past due.	See Note 3
Initial Training	The then-current initial training Tuition Fee. Currently the Tuition Fee is \$4,995 and covers the costs of training	Within forty-five (45) days after execution of the Franchise Agreement.	See Note 4

	during the Initial Training Program, for you, your Designated Manager (if applicable), and any other staff or personnel that you designate.		
Renewal Fee	20% of the then-current Territory Fee that is being renewed.	Upon signing new franchise agreement.	See Note 5
Transfer Fee	20% of the then-current Territory Fee that is being transferred, subject to state law.	Prior to the time of the transfer.	See Note 6
Attorneys' Fees and Costs	Reimbursement for our actual fees and costs.	Upon receipt of bill.	See Note 7
Software Updates	Actual costs of updated software programs and training (if applicable).	Upon receipt of bill.	See Note 8
Audit Costs	Actual costs of audit.	Upon receipt of bill.	See Note 9
Taxes on Payments	Actual costs of taxes imposed on payments.	As incurred.	See Note 10
Indemnification	Actual costs of indemnification.	Upon receipt of bill.	See Note 11
Insurance Reimbursement	Cost to obtain and maintain required insurance under the Franchise Agreement, plus a service fee (if we are forced to obtain the required insurance for you on your behalf).	As incurred.	See Note 12
Termination/Expiration Expenses	The costs and expenses you incur in complying with your post-termination/expiration obligations under the Franchise Agreement.	Upon receipt of bill.	See Note 13
Termination Fee	The then-current Termination Fee Currently, the Termination Fee is the lesser of: (i) monthly Franchise Fee for a period of, or multiplied by, twenty four (24) months; or (ii) the remainder of the monthly Franchise Fees due to Franchisor for the remainder of the Term of the Franchise Agreements.	As Incurred	See Note 14
Cease Operations Fee	The then-current Cease Operations Fee. Currently the Cease Operations Fee is monthly payment by Franchisee to Franchisor in an amount equal to fifty percent 50% of the Monthly	As Incurred	See Note 15

	Franchise Fee		
Liquidated Damages	Will vary depending on the circumstances.	As incurred.	See Note 16
Brand Marketing Fee	The then-current Brand Marketing Fee Currently, the Brand Marketing Fee is \$2,500.	Within forty-five (45) days after execution of the Franchise Agreement.	See Note 17

Explanatory Notes:

1. General. The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates (as we designate) or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are non-refundable. Except as otherwise indicated in the chart above, we expect to uniformly impose all fees and expenses listed for all franchisees who purchase a franchise under this Disclosure Document, and they are payable to us and are fully earned upon receipt by us.

1.1 *Manner of Payment*. All sales and work orders must be inputted into the POS System. With the exception of the Territory Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the “EFT Program”), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the “EFT Account”). You must immediately deposit all revenues from operations of your iFoam Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. Upon execution of the Franchise Agreement, you must provide us with: (i) your bank’s name, address, and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. Franchisee must also provide Franchisor with necessary credit card information as a back-up in the event that the EFT fails or is denied. Franchisee must authorize Franchisor to charge such credit card in the event of an EFT denial or failure. Contemporaneous with the execution of the Franchise Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s credit card company, all documents, including Franchisor’s form of Credit Card Authorization Form attached as Exhibit C to the Franchise Agreement, necessary to effectuate Franchisor’s ability to charge Franchisee’s credit card for any fees owed in the event of an EFT denial or failure.

2. Monthly Franchise Fee. You must pay us a monthly franchise fee (the “Franchise Fee”) deducted via the EFT Program in an amount equal to the greater of: (i) Three Thousand Dollars (\$3,000) per month; or (ii) Three Dollars (\$3.00) per 1,000 general population in each Protected Territory.

The monthly Franchise Fee is due on the Commencement Date and each month thereafter during the Term of this Agreement. Failure to pay the required monthly Franchise Fee constitutes a material breach of your obligations under the Franchise Agreement. In addition to any and all other remedies available to Franchisor under this Agreement (including Franchisor’s right to terminate) and applicable law, if Franchisee does not pay to Franchisor the required Franchise Fee, Franchisor has the right to reduce, modify or eliminate the Protected Territory rights granted to Franchisee under this Agreement as an alternative remedy option.

If Franchisee elects to renew the Franchise Agreement after the expiration of the Term (which renewal is subject to Franchisee's compliance with the renewal conditions set forth in the Franchise Agreement) the Franchise Fee may be increased for the renewal term; provided, however, the increase for the first year of the renewal term will be limited to a ten percent (10%) increase over the Franchise Fee due during the last year of the Term (except as otherwise provided in any renewal agreement).

3. Late Payment. If you fail to timely pay your Franchise Fee or other fee owed to us (under the Franchise Agreement or otherwise), then you are subject to our then-current late fee, currently of \$100 per incident plus 1.5% interest per month of the unpaid balance, or the maximum permitted by law, whichever is greater. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Late Payment, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

4. Initial Training. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then current initial training tuition fee ("Tuition Fee") to attend our initial training program (the "Initial Training Program"), for you, your Designated Manager (if applicable), and any other staff or personnel that you designate. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. The Tuition Fee covers the costs of training during Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. Except as expressly set forth above or herein, you are responsible for all out-of-pocket expenses (including travel costs, if any) incurred in connection with your and any of your personnel's attendance at the Initial Training Program. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Tuition Fee and Assistance Training Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

5. Renewal Fee. Before we will approve the renewal of your Franchise Agreement, you must pay us a renewal fee equal to 20% of the then-current Territory Fee. We have a number of additional conditions that you must meet in order to renew your Franchise Agreement, including without limitation: (i) providing us with written notice of your intent to renew no less than 6 months prior to the expiration of the term of the then-current Franchise Agreement; (ii) executing our then-current form of Franchise Agreement, the terms of which may materially differ from your current agreement; (iii) substantially complying with your Franchise Agreement during the existing term; and (iv) executing our prescribed form of general release in favor of us. See Item 17 in this Disclosure Document for additional information regarding renewal.

6. Transfer Fee. You must pay us a transfer fee equal to 20% of the then-current Territory Fee per Protected Territory that is being transferred to transferee, subject to state law. In the event you transfer multiple Protected Territories at once, we reserve the right, but have no obligation, to reduce the transfer fee for any of the Protected Territories being transferred, and by any amount. If a third-party broker locates the transferee, you will also be solely responsible for any broker fees associated with the transfer. There are other conditions for transfer and all conditions must be met before the transfer is approved by us. Provided certain conditions are met, we will not charge you a transfer fee if you are an individual and transfer ownership to a corporation or limited liability company that you control. See Item 17 in this Disclosure Document for additional information regarding transfer.

7. Attorneys' Fees and Costs. If we prevail in any action or other legal/administrative proceeding brought against you arising out of the Franchise Agreement or any other agreement with us, you must

reimburse us for our reasonable attorneys' fees and other costs paid that we incurred in such proceedings in the event we prevail. If you bring any legal action to interpret or enforce the terms of the Franchise Agreement or any other agreement with us, and your claim in such action is denied or the action is dismissed, then we are entitled to recover our reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending the matter, and to have such an amount awarded as part of the judgment in the proceeding.

8. Software Updates. You must purchase all updates for your third-party software programs, as sent to you by the software provider(s). We may also send you software updates, as we deem necessary in our sole discretion, or other materials that we may develop in connection with the System or System software that we require you to purchase.

9. Audit Costs. You must maintain, for at least five (5) fiscal years from their preparation, full, complete accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. You must also provide Franchisor with access to the information generated by any software Franchisor requires you to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, accounting or bookkeeping software, and Franchisor's proprietary software provider. Franchisor has the right to disclose data derived from the reports you furnish. You must provide Franchisor any other data, information, and supporting records that Franchisor designates from time to time, including all reports set forth in the Operations Manual. You must also send Franchisor monthly financial reporting statements, records, and information, as required by Franchisor, by the 21st of the following month.

10. Taxes on Payments. In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to us, Franchisee must, in addition to all payments due to us, pay such tax, levy or assessment.

11. Indemnification. You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising out of, or related to, the operation of your iFoam Business, including warranty claims. Your indemnification obligations are described more fully in the Franchise Agreement.

12. Insurance Reimbursement. You must obtain and maintain certain insurance in connection with your iFoam Business from our designated vendor. If you fail to obtain the required levels of insurance, we may obtain such insurance on your behalf and require that you reimburse us for the costs associated with obtaining this insurance for you, as well as pay us a service fee in connection with obtaining this insurance. Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name us as an additional insured. You agree to maintain evidence that such insurance by subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time. See Item 8 for more information regarding our insurance requirements. We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the iFoam Business.

13. Post-Termination or Post-Expiration Expenses. Upon termination, expiration, non-renewal, and/or

transfer of the Franchise Agreement, you are responsible for the costs associated with de-identifying yourself and your iFoam Business from the iFoam System. Additionally, we may elect to take steps to modify, alter or de-identify your iFoam Business. If we do so, you must also reimburse us for our costs and expenses.

14. Termination Fee. Franchisee may terminate the Franchise Agreement at any time during the Term upon: (i) written notification by Franchisee to Franchisor of termination of the Franchise Agreement and the rights granted hereunder; and (ii) lump sum payment by Franchisee to Franchisor in an amount equal to the lesser of either: (a) monthly Franchise Fee for a period of, or multiplied by, twenty four (24) months; or (b) the remainder of the monthly Franchise Fees due to Franchisor for the remainder of the Term of the Franchise Agreements. Notwithstanding the above, the post-term covenants set forth in Section 17 of the Franchise Agreement shall be valid and enforceable by and against Franchisor and Franchisee, upon the occurrence of a termination of the Franchise Agreements by Franchisee.

15. Cease Operations Fee. Franchisee may temporarily suspend operation of the Franchised Business, and the obligations of Franchisor and Franchisee under the Franchise Agreement, at any time during the Term, upon: (i) written notification by Franchisee to Franchisor of the suspension of operation of the Franchised Business; and (ii) monthly payment by Franchisee to Franchisor in an amount equal to fifty percent 50% of the monthly Franchise Fee, for the remainder of the Term of the Franchise Agreements unless terminated prior to the expiration of the Term of the Franchise Agreements or as mutually agreed by the Parties. Notwithstanding the above, Franchisee shall be required to maintain certain basic software or communication programs as required by Franchisor, including, but not limited to one (1) Microsoft user license during the duration of the suspended or ceased operation of the Franchised Business, and Franchisee shall be fully responsible for administration and payment for such programs.

16. Liquidated Damages. If the Franchise Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if the Franchise Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the monthly Franchise Fee multiplied by twenty-four (24) full calendar months. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies.

17. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us or our affiliate (as we designate) a Brand Marketing Fee of \$2,500. We reserve the right to change the amount (not to exceed a 10% increase), scope, or manner of payment of the Brand Marketing Fee, including the party to whom payment is made, at any time upon providing reasonable notice (which need not exceed 30 days).

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. YOUR ESTIMATED INITIAL INVESTMENT FOR A SINGLE IFOAM FRANCHISED BUSINESS IN A SINGLE PROTECTED TERRITORY

Type of	Amount	Method of	When Due	Payment Payable
---------	--------	-----------	----------	-----------------

Expenditure	Low	High	Payment		
Territory Fee ⁽¹⁾	\$15,000	\$20,000	Lump Sum	Commencement Date	Us
Insurance (90 days) ⁽²⁾	\$10,000	\$15,000	As Arranged	Before opening.	Designated Vendor
Tuition Fee ⁽³⁾	\$4,995	\$4,995	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement.	Us
Opening Package ⁽⁴⁾	\$19,210	\$24,980	Lump Sum	Before opening.	Approved Suppliers, Designated Vendors or Third-Party Providers
Rent & Utilities (90 days) ⁽⁵⁾	\$10,000	\$20,000	As Incurred	Before opening.	Landlord / Utility Providers
Vehicles ⁽⁶⁾	\$76,079	\$87,491	As Incurred	As required by Suppliers or Us or affiliate.	Approved Suppliers, which may include Us or an affiliate
Licenses Certificates and Permits ⁽⁷⁾	\$0	\$5,000	As Incurred	Before opening.	Licensing Authorities
Professional Fees ⁽⁸⁾	\$1,000	\$10,500	As Incurred	Before opening.	Third-Party Providers (Attorneys / Accountants)
Computer System ⁽⁹⁾	\$2,500	\$2,500	As Incurred	Before Opening	Third-Party Providers
Dues and Subscriptions ⁽¹⁰⁾	\$0	\$1,000	Lump Sum	Before opening.	Business and Construction or Contracting Associations
Leasehold Improvements ⁽¹¹⁾	\$0	\$15,000	As Incurred	Before opening.	Landlord or Third-Party Providers
Brand Marketing Fee ⁽¹²⁾	\$2,500	\$2,500	Lump Sum	Within forty-five (45) days after execution of the Franchise Agreement.	Us or affiliate
Marketing and Advertising Expense ⁽¹³⁾	\$6,000	\$12,000	As Incurred	After opening	Third-Party Providers
ZeePartnerships Fee ⁽¹⁴⁾	\$5,000	\$5,000	As Incurred	Within forty-five (45) days after execution of the Franchise Agreement.	Us
Additional Funds (90 days) ⁽¹⁵⁾	\$20,000	\$40,000	As Incurred	After opening.	Employees, Suppliers, etc.
Total ⁽¹⁶⁾	\$172,284	\$265,966			

Explanator Notes:

Generally. The Chart above assumes that you operate your iFoam Business from a leased commercial office/warehouse or flex space of approximately 1,500 to 3,500 square feet. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on several factors, including market condition and the geographic location of your iFoam Business.

1. Territory Fee. As noted in Item 5 above, you must pay Franchisor a lump sum Territory Fee in an amount equal to the greater of: (i) Fifteen Thousand Dollars (\$15,000.00); or (ii) the sum of One Hundred Dollars (\$100.00) per 1,000 general population in the Protected Territories. Each 200,000 of general population shall be considered one (1) "Protected Territory". The low estimate above reflects the minimum cost and would assume that your Protected Territory encompasses less than 150,000 in general population, while the high estimate above reflects the costs for an area that would encompass 200,000 in general population.
2. Insurance (90 days). We estimate that your initial insurance deposit will be approximately \$10,000 to \$15,000 and will include coverage for general liability/pollution liability/professional liability, commercial auto/equipment, and worker's compensation (state specific). You should check with the designated vendor for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your iFoam Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with our designated vendor or other insurance agent or broker regarding any additional insurance that you may want to carry. See Item 8 for additional required insurance information.
3. Tuition Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us our then-current initial training Tuition Fee to attend our Initial Training Program, for you, your Designated Manager (if applicable) and any other staff or personnel that you designate. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. The Tuition Fee covers the costs of training during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training. See Note 4 in Item 6. Please see Item 11 of this Disclosure Document for additional information.
4. Opening Package. Prior to opening, you must purchase from our Approved Suppliers, Designated Vendors (as we designate), or Third-Party Providers, the required Opening Package, which includes items such as promotional materials, including brochures, yard signs, apparel, and other equipment, tools, and supplies related to the operation of your iFoam Business. We estimate that that full purchase price of the entire Opening Package is approximately \$19,210 to \$24,980. We reserve the right to modify the components, standards and/or specifications of this Opening Package, which may modify the total costs associated with this Opening Package. If you purchase more than one (1) Protected Territory, you are only required to purchase one Opening Package.
5. Rent and Utilities. You must operate the iFoam Business from an approved facility that meets our current standards and specifications. You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location must be large enough to store your equipment, tools and supplies. The figures above assume that you will rent approximately 1,500 to 3,500 square feet of commercial office/warehouse or flex space. Utilities includes electric, water, and other utilities for your commercial office or warehouse. Rent and Utilities may vary depending on geographic location, size, length of lease and general market conditions. Lease security deposits will vary depending upon several different factors, such as occupancy rate, location, length of lease, personal vs. corporate signature, and

your personal financial history. Our low and high estimates represent a security deposit and three (3) months' rent and assumes minimal office modifications or improvements. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

6. Vehicles. You are required to acquire the following vehicles: one (1) Sales Truck, one (1) Install Truck, one (1) Fiber Trailer, and one (1) Spray Trailer, as designated by our standards. The required vehicles must be upfitted with our Proprietary Mark vehicle wraps and certain equipment, tools, and supplies, including any required equipment to be used in the operation of your iFoam Business. You must procure the required vehicles and equipment prior to commencing operations of your iFoam Business, from an Approved Supplier, which may be us or an affiliate.

The "low" and "high" estimates above reflect the costs to finance or lease the required vehicles, as set forth below:

Sales Truck	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$55,430.00	\$63,744.50
Deposit (20%)	11,086.00	12,748.90
Amount Financed or Leased	44,344.00	50,995.60
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$878.06	\$1,009.77
3 Month Payment	\$2,635.00	\$3,030.00
Total Vehicle Cost	\$13,721.00	\$15,778.90
Install Truck	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$55,430.00	\$63,744.50
Deposit (20%)	11,086.00	12,748.90
Amount Financed or Leased	44,344.00	50,995.60
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$878.06	\$1,009.77
3 Month Payment	\$2,635.00	\$3,030.00
Total Vehicle Cost	\$13,721.00	\$15,778.90
Fiber Trailer	Low	High

Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$60,875.04	\$70,006.30
Deposit (20%)	12,175.01	14,001.26
Amount Financed or Leased	48,700.03	56,005.04
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$964.32	\$1,108.97
3 Month Payment	\$2,893.00	\$3,327.00
Total Vehicle Cost	\$15,068.01	\$17,328.26
Spray Trailer	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$135,628.00	\$155,972.20
Deposit (20%)	27,125.60	31,194.44
Amount Financed or Leased	108,502.40	124,777.76
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$2,148.48	\$2,470.75
3 Month Payment	\$6,446.00	\$7,413.00
Total Vehicle Cost	\$33,571.60	\$38,607.44
Combined	Low	High
Vehicle Cost *including cost to wrap and otherwise upfit to system standards	\$307,363.04	\$353,467.50
Deposit (20%)	61,472.61	70,693.50
Amount Financed or Leased	245,890.43	282,774.00
Term in Months	60	60
Rate	7.00%	7.00%
Per Month	\$4,868.93	\$5,599.26
3 Month Payment	\$14,607.00	\$16,798.00
Total Vehicle Cost	\$76,079.61	\$87,491.50

These estimates may vary based upon lender or supplier, global supply chain, market conditions, interest rate, geographic location, and the vehicle package options you may select. The estimates

reflected above and herein are for the initial required vehicles and equipment used in the operation of a single iFoam Business in a single Protected Territory. The estimated costs of the required vehicles include the required equipment and transportation costs. We strongly recommend and expect that you will obtain leasing or financing for the vehicles from a third party. We do not provide any leasing or financing services in connection with the required vehicles and equipment. If you choose to lease or finance the purchase of your vehicle(s) and equipment, your actual payments will depend on your credit worthiness, as determined by the lender or supplier, global supply chain, market conditions, interest rates, geographic location, vehicle package options you may select, and the finance or lease options you select. Your deposit, term and interest rate may vary. The vehicles must be (i) wrapped in accordance with our designated requirements which incorporate our Proprietary Marks, and (ii) upfitted to our System standards and specifications. All sales calls, estimates, and installations must be done using the required wrapped vehicles.

7. Licenses, Certifications, and Permits. You must acquire a general business license, any specialty licenses required by your state or federal agency, and any third-party certifications that may be required by us. We estimate that the costs of these licenses and certifications will range between \$0 and \$5,000. The \$0 estimate assumes that you live in a state, county, or city that does not require licenses, certifications, or permits.

8. Professional Fees. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Disclosure Document and Franchise Agreement, as well as review applicable state or local laws and regulations pertaining to your business. The high estimate also includes the costs associated with recruiting services offered by our Designated Vendor. The recruiting services are optional, however, if you elect to receive recruiting services, you must pay our Designated Vendor the then-current recruiting fee (the "Recruiting Fee"). Currently, the Recruiting Fee is between \$2,400 and \$9,500.

9. Computer System. You are required to purchase a computer system that meets our Computer System standards and specifications. The estimated cost of purchasing the Computer System is approximately \$2,500 and includes one tablet for your salesperson/estimator, one mobile printer, a hotspot, and a subscription to the RIVNT Basic Package. See Item 11 for details.

10. Dues and Subscriptions. These fees will cover the cost of membership to business and construction or contracting associations we recommend that you join. We estimate that these costs could be up to \$1,000. The \$0 figure assumes you decline to join those recommended professional and business organizations.

11. Leasehold Improvements. This includes any cosmetic or other changes necessary to your commercial office/warehouse or flex space. The low estimate figure assumes that the office/warehouse or flex space does not require any changes. This also includes purchasing shelving to store inventory, equipment, tools, and supplies.

12. Brand Marketing Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay us, or our affiliate (as we designate), a Brand Marketing Fee of \$2,500. This is a one-time fee. See Note 17 in Item 6.

13. Marketing and Advertising Expense. As of the date of this Disclosure Document, we do not require you to allocate any money towards locally marketing or advertising your iFoam Franchised Business within your Protected Territory. While you are not required to spend a specific amount on marketing and advertising, you may, at your option, expend an amount that you determine to be appropriate, in your reasonable discretion, on marketing and advertising during the term. You must

submit, for our approval, all proposed advertising and promotional materials prior to your use or distribution. You must provide to Franchisor records and reports evidencing your marketing and advertising expenditures within five (5) business days of your receipt of a written request for such records and reports from Franchisor. The estimates above reflect a monthly advertising expenditure of approximately \$2,000 to \$4,000 for your first three months of operations.

14. ZeePartnerships Fee. As noted in Item 5, within forty-five (45) days after execution of the Franchise Agreement, you must pay to us a ZeePartnerships fee in the amount of \$5,000. This is a one-time fee.

15. Additional Funds. The estimate of additional funds of \$20,000 to \$40,000 is for a period of at least three months and is based on an owner-operated business and does not include any allowance for an owner’s draw or salary. These estimated costs are calculated by estimating the range of funds needed to cover wages, salaries, and benefits for 3 months of operations. This figure assumes minimum staffing levels and includes the estimated costs to hire 1 General Manager, 1 Salesperson, 1 Lead Technician, and 1 Install Technician. Your costs will depend on factors such as: how closely you follow our methods and procedures; your management skills, experience, and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate. If you purchase more than one (1) Protected Territory we recommend, but do not require, that you allocate an estimated \$10,000 - \$20,000 of additional funds for each additional Protected Territory you purchase.

16. Initial Investment. These estimates are based on our experience in offering and selling franchises since January 2022, as well as the experience of predecessor and estimates we have received from third-party vendors. We do not directly or indirectly offer financing for your initial investment. See Item 10 for more details.

B. YOUR ESTIMATED INITIAL INVESTMENT FOR A MULTI-UNIT OFFERING WITH MULTIPLE PROTECTED TERRITORIES

TYPE OF EXPENDITURE	AMOUNT - Two or Three Territories		AMOUNT - Four or Five Territories		Method of Payment	Time of Payment	To Whom PAYMENT IS TO BE MADE
	Low	High	Low	High			
Territory Fee	\$ 20,000	\$ 60,000	\$ 60,000	\$ 100,000	Lump Sum	Upon execution of the Multi-Unit Addendum	Us
Initial Investment – First Territory (less Territory Fee)	\$ 157,284	\$ 245,966	\$ 157,284	\$ 245,966	See Item 7		
Additional Expenditures	\$ 10,000	\$ 20,000	\$ 20,000	\$ 40,000	See Item 7, Chart A (Note 15)		
Total	\$187,284	\$325,966	\$237,284	\$385,966	See Item 7, Chart A (Note 16)		

Generally. The Chart above relates to the operation of one (1) Approved Location for two (2) to three (3) iFoam Businesses in two (2) to three (3) Protected Territories, and for one (1) Approved Location for four (4) to five (5) iFoam Businesses in four (4) to five (5) Protected Territories. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise

location depending on several factors, including market condition and the geographic location of your Approved Location and iFoam Businesses.

1. Multi-Unit Territory Fee. You will be required to execute a Franchise Agreement for each iFoam Business you are granted to open, as well as our prescribed form of Multi- Unit Addendum, all at the same time. The Territory Fees will be paid in a lump-sum at the time you execute each Franchise Agreement and Multi-Unit Addendum. The multi-unit Territory Fees are deemed fully earned and non-refundable upon payment. Please see Item 5 of this Disclosure Document for additional information on the multi-unit Territory Fees.
2. Additional Expenditures Associated with Opening and Operating iFoam Businesses. We expect that you will operate your iFoam Businesses from a single centralized Approved Location and using: (i) the same vehicles and (ii) the required equipment, tools, and supplies. However, you will be required to make additional expenditures for additional inventory, equipment, tools, and supplies, depending on the number of Protected Territories you purchase.

The additional expenditures are as follows:

# of Territories	Additional Funds for first three (3) months
2-3	\$10,000 - \$20,000
4-5	\$10,000- \$20,000
Cumulative total Additional Expenditures (including Additional Funds for 1 st Territory)	\$40,000 - \$80,000

If you purchase four (4) or more Protected Territories, you may, but are not required to, purchase an additional Opening Package. You will only be required to purchase or pay for a single Opening Package, regardless of the number of Protected Territories you purchase. Please review the Explanatory Notes following Charts 7(A) and 7(B) for additional information, as well as the Multi- Unit Addendum attached as Exhibit C.

We only require you to attend, and successfully complete, our Initial Training Program once in connection with the purchase of multiple iFoam Protected Territories.

3. Initial Investment. These estimates are based on our experience in offering and selling franchises since January 2022. as well as the experience of our predecessor and estimates we have received from third-party vendors.

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

You must operate your iFoam business in conformance with our methods, standards, and specifications, which we prescribe in our confidential operations manual, our proprietary and confidential operations Manual (the “Operations Manual”), and various other confidential manuals, writings, and other information prepared by us for your use in operating an iFoam Business which are provided in the Operations Manual or communicated to you in writing or other means of communication.

1. Approved Products and Services

All vehicles, supplies, equipment, and inventory used by you in the iFoam Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements) that comply with our then-current standards and specifications, which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

We reserve the right to require you to purchase any of the items necessary to establish and operate your iFoam Business in accordance with our standards and specifications and/or from an Approved Supplier, from us, an affiliate, or our designated vendors and suppliers.

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must always maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees. Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our conferences or regional meetings.

2. Designated and Approved Suppliers

As of the date of this Disclosure Document, we, or our affiliates, are the Approved Supplier for certain services, supplies, equipment, and inventory required for the establishment and operation of your iFoam Business as determined by us and set forth in the Operations Manual. We reserve the right to require you to purchase or lease certain goods or services from designated vendors or Approved Suppliers, which may include us or an affiliate, and/or to negotiate arrangements, or modify the structure, terms, or prices of such arrangements, with these designated vendors or Approved Suppliers, which may be us or an affiliate, including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

You must purchase your initial vehicles and certain other equipment, tools, and supplies, from one of our designated vendors or Approved Suppliers, which may be us or an affiliate. We strongly recommend and expect that you enter into a financing or leasing arrangement with a third party for your vehicles and certain other equipment, tools, and supplies you must procure for the operation of your iFoam Business, and your payments made in connection with these financed or leased items will be paid to that third-party financing/leasing provider and not us or an affiliate.

You must purchase your Opening Package and Insurance, from our Approved Suppliers or one of our Designated Vendors (as we designate).

As of the issuance date of this Disclosure Document, we and/or our affiliates are also the only Approved Suppliers for the following goods and services: (i) Brand Marketing Fee; (ii) Tuition Fee; (iii) ZeePartnerships Fee; and (iv) all sales materials and merchandise bearing the Proprietary Marks.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase those certain goods, services, furnishings, fixtures, computer hardware and software, including Microsoft Office 365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). We, our

affiliates or a designated third party may be one of several, or the only, Approved Supplier of any particular good or service. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System iFoam Businesses. You recognize that such products and services are essential to the operation of your iFoam Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System iFoam Businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from Approved Suppliers solely in connection with the operation of your iFoam Business and not for any competitive business purpose.

3. Ownership Interest in Approved Suppliers/Revenue Derived from Franchise Purchases and Leases

As of the issuance date of this Disclosure Document, neither we, our affiliate nor any of our officers currently own an interest in any of our other Approved Suppliers.

We and our affiliates may derive revenues from required purchases and leases by franchisees as well as in the form of rebates or marketing allowances paid to us or our affiliates by Approved Suppliers that we require you to use. During our fiscal year ending December 31, 2024, we generated a total revenue of \$4,015,148.53. Of the total revenue generated, we received a total of \$94,183.07 from all rebates, which equals 2.35% of our total revenue during the reporting period. As of the issuance date of this Disclosure Document, our affiliate HPB Procurement has negotiated arrangements on our behalf with Approved Suppliers pursuant to which these suppliers pay our affiliate HPB Procurement certain rebates ranging from \$42 to \$307,357, determined on the basis of either number of units of required products purchased, new accounts established, or a percentage of total value of sales orders of required purchases on account of franchisee purchases. During our fiscal year ended December 31, 2024, our affiliate HPB Procurement derived \$1,611,689, or 100% of HPB Procurement’s total revenues for rebate income of \$1,611,689 on account of required franchisee purchases for us and our affiliates, of which \$94,183.07 was allocated to us in 2024. We and our affiliates reserve the right to negotiate arrangements with these Approved Suppliers including service requirements for our franchisees, prices, and terms, for the benefit of the franchisees, as well as rebates.

Your obligations to purchase or lease certain products or services from us, our affiliates and/or our Approved Suppliers, and to purchase or lease goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases. We estimate that your Required Purchases will account for approximately 75% to 85% of your total costs incurred in establishing your iFoam Business, and approximately 60% to 70% of your ongoing costs to operate the iFoam Business after the initial start-up phase.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by Franchisor to operate the iFoam Business.

We and our affiliates reserve the right to derive revenue from the Required Purchases you make from us and

our affiliates, as well as purchases or leases made from or by our designated vendors and Approved Suppliers.

As we are a newly formed entity, neither we nor any affiliate has derived any revenue from our franchisees' required purchases or lease as of the issuance date of this Disclosure Document.

4. Alternative Product or Supplier

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to enter into or renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with our standards and specifications.

The Franchise Agreements do not provide you with the right to use alternative products or suppliers.

5. Insurance

You must purchase and maintain, at your own expense, the types and minimum amounts of insurance coverage and bonds we specify for iFoam Businesses. You must purchase the required insurance from our designated vendor at least 30 days before opening your iFoam Business or upon signing a lease for the Approved Location or commercial office/warehouse or flex space, whichever is earlier. The limits described in the paragraph below are the minimum amounts that you are required to purchase. You must carry insurance required by the lease of your Approved Location or commercial office/warehouse or flex space, by any of your lenders or equipment lessors, and such Worker's Compensation Insurance as may be required by applicable law. If you sign a lease for the Approved Location or commercial office/warehouse or flex space, or any agreement that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or agreement. However, if you sign a lease for the Approved Location or commercial office/warehouse or flex space or any agreement that does not require the minimum coverage set forth below, you must still purchase and maintain insurance that meet our requirements.

The paragraph below sets out our current required and recommended insurance coverage as of the date of this Disclosure Document, which are subject to change:

- i. Commercial General Liability insurance in the amount of \$1,000,000 per occurrence and \$2,000,000 aggregate limit per location, which will include products and completed operations coverage, personal and advertising injury, fire damage liability and medical payments coverage; and it will be provided on an occurrence form. Also, the Contractor's Pollution and Professional Liability policies may be combined with the Commercial General Liability policy; (ii) Automobile Liability and Physical Damage insurance in the amount of \$1,000,000 Combined Single Limit coverage for all owned, non-owned and hired vehicles and include physical damage coverage with deductibles not higher than \$1,000 for comprehensive and collision damage; (iii) Contractor's Equipment Floater insurance in the amount of to cover the mobile equipment used in your franchised business; (iv) Employment Practices Liability insurance in the amount of \$250,000 aggregate including third party endorsement and naming franchisor as Co-Defendant; (v) Workers' Compensation and Employer's Liability statutory coverage and Employer's Liability insurance in the amount of \$1,000,000 by accident, \$1,000,000 by disease-policy limit, \$1,000,000 by disease each accident; (vi) Contractor's Professional Liability insurance in the amount of \$1,000,000 to cover errors and omissions claims; (vii) Property Insurance for one hundred percent (100%) of the replacement cost of your business personal property; and, notwithstanding the foregoing; (viii) Umbrella Liability insurance to be excess over Commercial General Liability, Automobile Liability and Employer's Liability; and (ix) Contractor's Pollution Liability insurance in the amount of \$1,000,000.

We reserve the right to increase or modify the insurance coverage requirements and/or require different or additional kinds of insurance for which you will comply upon written notice from us.

We must approve all insurance carriers in advance and in writing. Our acceptance of an insurance carrier does not constitute our representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy.

Each of your insurance policies must be written by a carrier with an industry rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Reports, must name us, our subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds, and must not have deductibles, exclusions or co-insurance that are unacceptable to us, in our sole discretion. Each insurance policy must contain an express waiver by the insurance company of subrogation rights in favor of us, our affiliates, successors, assigns and any party we designate and will be primary and non-contributory to any insurance we might carry. All insurance policies you hold will be primary and non-contributory to any policy or policies held by us or our affiliates. Each insurance policy will list us as an additional insured except the Employment Practices Liability policy will provide us coverage. The Employment Practices Liability policy is required to have an endorsement as listed on Form CG 20 29 or its equivalent and must name franchisor as Co-Defendant.

At least 30 days prior to opening your iFoam Business, you must provide us with certificates of insurance demonstrating that you have met the requirements. At least 10 days before expiration of a policy, you must furnish evidence of renewal or replacement insurance. If you do not obtain the required coverage, we have the right (but no obligation) to obtain insurance on your behalf. If we do so, you must reimburse us for the cost of insurance, plus a reasonable fee for our services. All insurance policies you hold will be primary to any policy or policies held by us or our affiliates.

Additionally, you agree not to permit any third-party subcontractor to perform any work or offer any services on your behalf unless such subcontractor maintains insurance coverage in such amounts and types as we require you to maintain, with the specific addition that subcontractors cannot exclude principals from its workers' compensation coverage and that liability policies name us and our affiliates as additional insured parties. You agree to maintain evidence that such insurance by your subcontractors is in effect and to provide such proof of insurance as we may require, in our sole discretion, from time to time.

We have the sole right, exercisable at any time and upon notice, to designate a vendor or supplier, which may include one of our affiliates, from whom you must purchase all insurance policies required by us to operate the iFoam Business.

6. Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this Disclosure Document for additional information regarding our computer hardware and software purchasing requirements.

There are no annual costs to you for any optional or required maintenance updating, upgrading or support contracts for the point of sale or computer systems. There currently are no maintenance/support contracts, but we reserve the right to require them. As of the date of this Disclosure Document, we have not rolled out any required maintenance or updates.

7. Purchasing and Distribution Cooperatives; Rebate Programs

As of the date of this Disclosure Document we do not participate in any purchasing or distribution

cooperatives, although we reserve the right to do so; and we reserve the right to establish these types of cooperatives in the future. We, or our affiliates, may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchisees.

We and/or our affiliates and/or designated suppliers (as we designate or authorize) reserve the right to establish rebate programs for certain purchases of certain products and/or services, and/or in connection with use of our approved suppliers or designated vendors (the “Rebate Program”) which may include discounted pricing, special terms, rebates, or other incentives or benefits (individually and collectively, the “Rebate”). We, and/or our affiliates, and/or third party suppliers reserve the right to (but are not contractually required to) establish and offer you an opportunity to participate in one or more Rebate Programs and to condition your participation in any such Rebate Program on, among other conditions we may designate, your: (i) meeting certain eligibility requirements; (ii) execution of a designated form of Rebate Program participation agreement or amendment, which may include, among other terms, a general release of claims you, your owners and/or affiliates may have against us and/or any of our affiliates, owners, employees, officers, directors, successors and/or assigns; and (iii) compliance with purchasing requirements. We, our affiliates and third-party suppliers are not required to establish or offer Rebate Programs, but may do so at any time. Additionally, if established, we, our affiliates and third-party suppliers reserve the right to discontinue or terminate any Rebate Program at any time effective on notice to you. We, and/or our affiliates, may derive revenue, material consideration and/or receive a commission or fee in connection with any Rebate Program.

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase those certain goods, services, furnishings, fixtures, computer hardware and software, including Microsoft Office 365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”). We, our affiliates or a designated third party may be one of several, or the only, Approved Supplier of any particular good or service. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you.

ITEM 9
FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Section in Multi-Unit Addendum	Item of Disclosure Document
a. Site selection and acquisition/lease	1.4	Not Applicable	Items 7, 8, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.2, 7.3, and 7.7	4	Items 7 and 8
c. Site development and other pre-opening requirements	1.4, 7.1, 7.2, 7.3, and 7.7 and 9	Not Applicable	Items 6, 7, 8 and 11

d. Initial and ongoing training	7.1 and 8	2	Items 6 and 11
f. Opening	7.2	Not Applicable	Items 11
g. Fees	2.2.6, 3, 12, 14.2.1.5, and 21.7	3	Items 5, 6, 7, and 11
h. Compliance with standards and policies / operations manual	6, 7.3 through 7.8, 7.12, and 7.13	Not Applicable	Items 8 and 11
i. Trademarks and proprietary information	4, 5, 7.7 and 7.12	Not Applicable	Items 13 and 14
j. Restrictions on products / services offered	1.2, 1.3, 7.3 and 7.4	Not Applicable	Items 8, 12 and 16
k. Warranty and customer service requirements	7.15	Not Applicable	Items 15 and 16
l. Territorial development and sales quotas	Not Applicable	Not Applicable	Items 12 and 17
m. Ongoing product/ service purchases	7.3 and 7.4	Not Applicable	Items 8 and 11
n. Maintenance, appearance and remodeling requirements	1.4, and 7.13	Not Applicable	Items 6, 7, 8 11, and 12
o. Insurance	9	Not Applicable	Items 6, 7 and 8
p. Advertising	12	Not Applicable	Items 6 and 11
q. Indemnification	13.2	Not Applicable	Item 6
r. Owners' participation/ management/ staffing	7.5.2 through 7.5.4	5	Items 11 and 15
s. Records and reports	10 and 11	Not Applicable	Item 6
t. Inspections and audits	7.6 and 11	Not Applicable	Items 6 and 11
u. Transfer	14	Not Applicable	Item 17
v. Renewal	2.2	Not Applicable	Item 17
w. Post term obligations	16.1 and 17.2	Not Applicable	Item 17
x. Noncompetition covenants	17	Not Applicable	Item 17
y. Dispute Resolution	18	Not Applicable	Item 17

ITEM 10
FINANCING

We may, in limited circumstances and at our option, but under no circumstances are we obligated to, finance a portion of your Territory Fee, up to sixty percent (60%) of the Territory Fee for the purchase of your second (2nd) Protected Territory and up to eighty percent (80%) of the Territory Fee for the purchase of your third (3rd), fourth (4th), and fifth (5th) Protected Territories, up to a maximum of \$100,000 (the “Maximum Amount”). Our decision to finance a portion of your Territory Fees for the purchase of your second (2nd), third (3rd), fourth (4th), or fifth (5th) Protected Territory will be based, in part, on your creditworthiness, the collateral you have available to secure the financing and our then-current financing policies. We do not offer financing of the Territory Fee for the purchase of your first (1st) Protected Territory.

If you wish to finance a portion of your Territory Fee up to the Maximum Amount, and we agree to provide such financing, you must sign a Secured Promissory Note and General Security Agreement substantially in the form of Exhibit J to the Franchise Agreement. If you are a corporation or limited liability company, all of the franchisee’s owners must personally guarantee the obligations of the corporation or limited liability company (as applicable), a Personal Guarantee of Corporate Obligations substantially in the form of Exhibit A to the Franchise Agreement. The Secured Promissory Note obligates you to pay us the amount of your Territory Fee that we agree to finance, plus interest at the rate set forth below, plus any fees set forth in the Secured Promissory Note. The General Security Agreement grants us a security interest in substantially all of your assets, including after acquired property, to secure your payments under the Secured Promissory Note, pursuant to which we will file a UCC financing statement with the appropriate governmental authority. Under the terms of the Secured Promissory Note, you agree to waive your right to notice of a collection action and to assert any defenses to collection against us. You may prepay the principal amount of the Secured Promissory Note at any time without prepayment penalty. All franchisees approved for financing agree to the same financing terms for the portion of the Territory Fee that is financed.

The terms under which we may finance a portion of your Territory Fee include:

Item Financed	Amount Financed	Term (months)	Rate of Interest Plus Finance Charge	Monthly Payment	Prepay Penalty	Liability Upon Default	Loss of Legal Right
Territory Fee— 2 nd Territory	Up to 60%	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 1.	See Note 1.
Territory Fee— 3 rd Territory	Up to 80%	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 1.	See Note 1.
Territory Fee—	Up to 80%	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan	See Note 1.

4 th Territory						accelerated upon default / attorney fees, and costs of enforcement. See Note 1.	
Territory Fee— 5 th Territory	Up to 80%	Up to 60 Months	5%	Variable	None.	Lose franchise / balance of loan accelerated upon default / attorney fees, and costs of enforcement. See Note 1.	See Note 1.

Notes:

1. Potential Liabilities Upon Default: If you do not pay on time, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys’ fees if a collection action is necessary. We also have the right to terminate your Franchise Agreement if you do not make your note payments on time. If your Franchise Agreement is terminated, you will lose your right to operate the Franchised Business and will be responsible for complying with all post-termination obligations under the Franchise Agreement, including payment of lost future franchise fees and any and all damages associated with the termination, including attorney’s fees and costs of enforcement. You waive your rights to notice of a collection action and to assert any defenses to collection against us. We may discount the Secured Promissory Note to a third party who may be immune under the law to any defenses to payment you may have against us. If we elect to offer financing of the Territory Fee to franchisees, we expect that all franchisees approved for financing must agree to the same financing terms disclosed in this Item 10.

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

Except as described above, we do not offer direct or indirect financing. We do not guarantee your note or any other obligation.

ITEM 11

FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEM AND TRAINING

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

A. Pre-Opening Obligations.

Before you open your iFoam Business, we, an affiliate or our designee will provide you with the following assistance:

1. Define your Protected Territory. (Franchise Agreement, Section 1.2).
2. Provide you the Opening Package upon your payment of the required fees. (Franchise Agreement, Section 3.5 and Section 6.2).
3. Provide you with our list of all other Approved Products and Services, items and equipment needed to open your iFoam Business, along with our proprietary list of Approved Suppliers for those items (as

applicable) (Franchise Agreement, Sections 6.2).

4. Provide you access to our confidential Operations Manual and grant you access to our Intranet System, which includes access to our confidential and proprietary information, including our standards and specifications. Our Operations Manual is stored within our Intranet System. You must operate the iFoam Business in accordance with the Operations Manual and all applicable laws and regulations. The Operations Manual may be amended or modified to reflect changes in the System. You must keep the Operations Manual confidential and current and may not copy any part of any Operations Manual without our consent. (Franchise Agreement, Section 6.1). The table of contents for our Operations Manual as of the Issue Date of this Disclosure Document is attached as Exhibit G.
5. Provide you, your Designated Manager (if applicable), and any other staff or personnel that you designate, with our Initial Training Program, that you must attend and complete to our satisfaction, in accordance with the Initial Training Program chart below. (Franchise Agreement, Section 8.1).
6. Provide advice and guidance, in preparing to open your iFoam Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the iFoam Business during the start-up phase. (Franchise Agreement, Sections 6.1 and 8.1).
7. Provide you with a dedicated phone number and email accounts which you must use in connection with your iFoam Business and in all marketing items. (Franchise Agreement, Section 7.9).
8. Provide you with assistance in coordinating brand optimization and the other pre-opening and opening services. (Franchise Agreement, Section 6.1 and 8.1).

B. Training.

You (or your operating principal if you are an entity), your Designated Manager (if applicable), and any other staff or personnel that you designate, must attend and successfully complete our Initial Training Program, consisting of Phase I, Phase II, and Phase III Training. You must complete all three phases of our Initial Training Program prior to commencing operations of your iFoam Business. You must pay us our then current Tuition Fee for attendance to the Initial Training Program. As of the date of this Disclosure Document, the current Tuition Fee for the Initial Training Program is \$4,995. All Phase I and Phase II Training occurs digitally or via webinar/video conferencing, while certain portions of Phase III Training may be in-market training conducted within Franchisee's Protected Territory. The Phase I and Phase II Training will generally last 7 weeks but training time may vary depending upon the knowledge, qualifications, and experience of the franchisee. After Phase I and Phase II Training has been completed, you will begin Phase III training, portions of which may be conducted within Franchisee's Protected Territory, which generally will last 4 days. The Tuition Fee covers the costs of training during the Initial Training Program, however, the Tuition Fee does not include travel expenses, meals outside of the formal Initial Training Program hours, and other living or miscellaneous expenses you may incur during the time of training.

Additional and Remedial Training. In addition to the Initial Training Program, Franchisor reserves the right to conduct and require Franchisee, Franchisee's Designated Manager (if applicable), estimators, installers, and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion, at Franchisor's expense. Additional and/or refresher training will take place digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations

Manua. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

Reasonable Training and Assistance Requests. Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee for Franchisor's actual costs and expenses incurred associated any training or assistance that Franchisor provides at Franchisee's request. Additional assistance will be provided by Franchisor digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual. In the event that Franchisee requests that the additional training and/or assistance be conducted within Franchisee's market or Protected Territory, Franchisee will be required to reimburse Franchisor for Franchisor's actual costs and expenses associated with providing in-market training, including any travel, lodging, meal expenses, and applicable per diem charges for Franchisor's personnel.

Note that Franchisee will be required to attend any Additional and Remedial Training that Franchisor conducts, which will be paid at Franchisor's expense. However, any Reasonable Training and Assistance Requests (at the request of Franchisee), will be paid at Franchisee's expense and Franchisee must reimburse Franchisor for Franchisor's actual costs and expenses.

If the franchisee is a business entity, each franchise owner must attend and successfully complete the Initial Training Program.

The primary materials used in connection with the Initial Training Program are contained in our Operations Manual, and we reserve the right to supplement and modify any training materials as we deem necessary in our sole discretion. (Franchise Agreement, Section 8.1). We reserve the right to substitute any in-person training for virtual training at our discretion. All training materials we provide you with will remain our property, and you agree not to challenge our or our affiliates' title or rights in or to the training materials. You may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials. (Franchise Agreement, Section 8.1). Failure to complete initial training to our satisfaction within the applicable period may result in termination of the Franchise Agreement. (Franchise Agreement, Section 8.1).

Any training provided by us or our affiliate to any of your workers will be limited to training or guidance regarding the delivery of approved services to clients in a manner that reflects the customer and client service standards of the System. You are, and will remain, the sole employer of your employees at all times, including during all training programs, and you are solely responsible for all employment decisions and actions related to your workers. You are solely responsible for ensuring that your workers receive adequate training. (Franchise Agreement, Section 6)

The training schedule and activities of the training programs are described below:

INITIAL TRAINING PROGRAM

Phase I

Subject	Hours of Classroom Training	Hours of On-The-Job Training?	Location	Week
Welcome Call	30 min	0	Virtual	1
Welcome and Business Formation	25 min	0	Virtual	self-paced
Initial 1:1 Onboarding Call	30 min	0	Virtual	1
IT Set Up and Processes	10 min	0	Virtual	self-paced
Insider Training	20 min	0	Virtual	self-paced
Finance	30 min	0	Virtual	self-paced
Securing a Location	30 min	0	Virtual	self-paced
Ops Manual Quest	30 min	0	Virtual	self-paced
Insurance 101	60 min	0	Virtual	self-paced
Crime and Cyber Liability (Optional)	20 min	0	Virtual	self-paced
Accounting	5 min	0	Virtual	self-paced
Recruiting	30 min	0	Virtual	self-paced
EOS	90 min	0	Virtual	
HPB - 2023 Annual Convention	12 hours	0	Virtual	self-paced
HPB - 2024 One Convention Speakers	12 hours	0	Virtual	self-paced
Onboarding Call #2	30 min	0	Virtual	3
Onboarding Call #3	30 min	0	Virtual	5
Onboarding Call #4-6	60 min	0	Virtual	6 - 12 *
	33 hours	0		

*Dependent on funding strategy

Phase II				
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location	Week
New Owner Workbook		0		1
Vendors and Partners		0		1
Intro to EOS	1	0	Virtual	1
Business Bullseye	1	0	Virtual	1
Vehicle Procurement	1	0	Virtual	1
Navigating Interpersonal Conflicts Productively	1	0	Virtual	1
ServiceTitan Introduction	1	0	Virtual	1
Sales Introduction	1	0	Virtual	1
Marketing	1	0	Virtual	1

HPB - Sales Process	1	0	Virtual	2
HPB - Salesperson Pipeline	1	0	Virtual	2
iFOAM Differentiators	1	0	Virtual	2
HPB - Canvassing	1	0	Virtual	2
iFOAM - Organic Lead Generation - Canvassing and Networking	1	0	Virtual	2
Sales	1	0	Virtual	2
HPB - New Employee Onboarding	1	0	Virtual	3
HPB - Pre-Launch Marketing Research	1	0	Virtual	3
HPB - Check Point Survey	1	0	Virtual	3
Marketing	1	0	Virtual	3
Sales/ServiceTitan	1	0	Virtual	3
Product Knowledge and Safety	1	0	Virtual	4
iFOAM - Product Knowledge - Building Science 1	1	0	Virtual	4
iFOAM - Product Knowledge - Building Science 2	1	0	Virtual	4
Marketing	1	0	Virtual	4
Sales	1	0	Virtual	4
Operations	1	0	Virtual	4
Product Knowledge - SPF Installer Part 1	1	0	Virtual	5
Product Knowledge - SPF Installer Part 2	1	0	Virtual	5
iFOAM - Product Knowledge - Building Code	1	0	Virtual	5
HPB - Week 5: GBP, Reputation Management and Social Media	1	0	Virtual	5
iFOAM - Customer Service Standards	1	0	Virtual	5
Sales	1	0	Virtual	5
Marketing	1	0	Virtual	5
HPB - Employee Retention	1	0	Virtual	6
HPB - Performance Management	1	0	Virtual	6
HPB - L10 Meeting Tools	1	0	Virtual	6
HPB - Safety	1	0	Virtual	6
HPB - KPI and Performance Dashboard Training	1	0	Virtual	6

HPB - Week 6: Dashboards, MySite and Frontify	1	0	Virtual	6
Marketing	1	0	Virtual	6
Sales	1	0	Virtual	6
HPB - Organic Social Media Campaigning and Social Media Basics	1	0	Virtual	7
HPB - End of Onboarding Survey	1	0	Virtual	7
Marketing	1	0	Virtual	7
Sales	1	0	Virtual	7
Operations	1	0	Virtual	7
Total	44	0	Virtual	

Phase III; Academy Week				
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location	Day
Health and Safety	1	0	Omaha, NE	1
Effective Spray Foam Practices	1	0	Omaha, NE	1
Combustion Appliances/Retrofit	2	0	Omaha, NE	1
Application Chemistry	2	0	Omaha, NE	1
Networking	4	0	Omaha, NE	2
New Home Builder Outreach	2	0	Omaha, NE	2
Blue Print Team	1	0	Omaha, NE	2
Measuring Basics	1	0	Omaha, NE	2
Residential Retro (Sales Process)	4	0	Omaha, NE	3
Retro - Comfort Kit Use	2	0	Omaha, NE	3
Recommend/iCALC/Estimates	2	0	Omaha, NE	3
Residential Retro - Sales Process Follow up	4	0	Omaha, NE	4
Your Sales Plan	2	0	Omaha, NE	4
Sales Recap	2	0	Omaha, NE	4
Leadership - R.O.T.O.R.	3	0	Omaha, NE	5
Structure & Accountability	2	0	Omaha, NE	5

Total	35	0		
-------	----	---	--	--

Phase III; Academy Field Launch				
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location	Day
Operations				
Fiber Rig Setup/Maintenance	0	3	Omaha, NE	2
Job Hazard Analysis (Fiber)	0	1	Omaha, NE	2
Job Prep (Fiber)	0	2	Omaha, NE	2
Fiber Rig Demo	0	2	Omaha, NE	2
Spray Gun Maintenance	0	4	Omaha, NE	3
Spray Rig Overview/Maintenance	0	4	Omaha, NE	3
Job Hazard Analysis (Spray)	0	1	Omaha, NE	4
Spray Job (If scheduled)	0	7	Omaha, NE	4
Spray Demo and Practice (If no job scheduled)	0	8	Omaha, NE	4
Total	0	32		

The training program is typically held once per month, or whenever minimum class sizes are achieved.

You will receive training and instruction from our training managers, our employees, affiliate’s personnel, and existing franchisees.

The instructor’s experience, including the instructor’s length of experience in the field and with the franchisor is listed in the chart below.

INSTRUCTOR	SUBJECTS TAUGHT	YEARS OF EXPERIENCE IN THE INDUSTRY	YEARS OF EXPERIENCE WITH FRANCHISOR
Michael McAllster	Financial Education, Accounting, Key Performance Indicators (KPI)	25	1
Keith Barnes	Sales	3	3
Jerry Brase	Blueprint	10	3
Anthony Coleman	Materials, Industry	20	3
Roger Brown	Materials, Industry	20	2

Because of their experience in the industry, each of our instructors is uniquely equipped to train

you in our franchise system, franchise operations, franchise business model, coaching, communication, skills, support tools, resources, technology, reporting systems, compliance, and legal awareness.

Opening of Franchise

Our franchisees typically open for business within 30 days after completing Phase III Training, which will generally take place 5 months after signing the Franchise Agreement. The Franchise Agreement requires you to open within 6 months after signing the Franchise Agreement. The factors that affect how quickly you can open your Business include the training schedule, your ability to obtain necessary financing, and any local requirements for permits or licenses (Franchise Agreement Section 7.2).

C. Site Selection Assistance.

1. You must operate the iFoam Business from an approved facility located in the Protected Territory that meets our current standards and specifications (the “Approved Location”). You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location will need to be approximately 1,500 to 3,500 square feet of commercial office/warehouse or flex space for your equipment, supplies and inventory and must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the iFoam Business without our prior written consent. Your failure to obtain an Approved Location that meets our standards and specifications within the time period specified above will constitute a default under the Franchise Agreement, and could be subject to termination pursuant to Section 15 of the Franchise Agreement (Franchise Agreement Section 15).
2. The Approved Location must be within the Protected Territory granted to you under the Franchise Agreement, unless consented to in writing by the Franchisor or as provided herein. You may not relocate your iFoam Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location. You are not required to have more than one Approved Location in the event that your purchase two or more contiguous Protected Territories.
3. We generally do not own sites and lease them to franchisees, lease sites and sublease them to franchisees, or select sites for franchisees.
4. We may (but are under no obligation to): (i) provide you with standards and/or guidelines for your office or leased commercial property, if any; and/or (ii) otherwise assist you in locating an office or leased commercial property, if any, to operate your iFoam (Franchise Agreement, Section 1.4).
5. We do not provide assistance with conforming your Approved Location to local ordinances and building codes, obtaining any required permits, and/or constructing, remodeling, or decorating the premises, and/or hiring and training employees.

6. We do not provide assistance with providing equipment, signs, fixtures, opening inventory, and supplies.

7. We will have a period of thirty (30) days to review and approve or deny your site proposal. If you have not approved a location from which to operate the iFoam Business as of the date you sign the Franchise Agreement, we will enter into our prescribed form of Site Selection Addendum (as attached as Exhibit E to the Franchise Agreement), the terms of which will govern the parties' site selection obligations. You may not relocate the iFoam Business without our prior written consent.

8. We estimate that it will take 180 days for you to commence operations of your iFoam Business and complete our Initial Training Program and otherwise comply with all your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must successfully comply and complete all your pre-opening obligations and open your iFoam Business within 180 days of executing your Franchise Agreement or we may terminate your Franchise Agreement upon notice to you. (Franchise Agreement, Sections 7.2 and 15.3).

In addition, based on examples from iFoam businesses, we may, from time to time, make suggestions to you with regard to your pricing policies. Although you generally have the right to establish prices for the products and services you sell, we reserve the right to establish and enforce prices, both minimum and maximum, to the extent permitted by applicable law.

D. Post-Opening Obligations.

After you open your iFoam Business, we, or our affiliate or designee, will provide you with the following assistance:

1. *Additional and Remedial Training.* We reserve the right to conduct, and require Franchisee, Franchisee's Designated Manager (if applicable), estimators, installers, and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion, at Franchisor's expense. Additional and/or refresher training will take place digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

2. *Reasonable Training and Assistance Requests.* Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee for Franchisor's actual costs and expenses incurred associated any training or assistance that Franchisor provides at Franchisee's request. Additional assistance will be provided by Franchisor digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual. In the event that Franchisee requests that the additional training and/or assistance be conducted within Franchisee's market or Protected Territory, Franchisee will be required to reimburse Franchisor for Franchisor's actual costs and expenses associated with providing in-market training, including any travel, lodging, meal expenses, and applicable per diem charges for Franchisor's personnel.

3. Updates or modifications to the System standards and specifications will be provided to you with updated lists of: (i) Approved Products and Services; (ii) Approved Suppliers; and (iii) items

you must purchase in accordance with our System standards and specifications (i.e., equipment, fixtures, inventory, and supplies). (Franchise Agreement, Section 6.1).

4. Provide you with our list of all other Approved Products and Services, equipment, tools, supplies, and other items we require you to use in connection with the operation of your iFoam Business, along with our proprietary list of Approved Suppliers or sources of supply for those items (as applicable). (Franchise Agreement, Section 6.2).

5. You may only offer for sale all products and services which we prescribe, and only those products and services. You must offer, use, and sell all private label products that we may now, or in the future, designate for sale by System franchises. (Franchise Agreement, Section 7.4).

6. We reserve the right to conduct periodic inspections and/or audits of your iFoam Business and/or financial records, as we deem advisable in our sole discretion. (Franchise Agreement, Sections 7.6).

7. We will provide periodic advice and guidance regarding the ongoing operation of your iFoam Business and/or the use of the Proprietary Marks and System in general. Our advice and assistance may be provided through meetings, printed materials and/or other media that we may make available to you in the System from time to time, or otherwise by telephone, e-mail, electronically, or other manner of communication. In certain circumstances, we may require to be reimbursed for our actual costs associated with providing training and assistance requests in the event that you request that such training or assistances requests be conducted within your market or within your Protected Territory. (Franchise Agreement, Section 6.3 and Section 8.3).

E. Advertising and Marketing

1. Marketing Requirements

Brand Marketing Fee. Within forty-five (45) days after execution of the Franchise Agreement, Franchisee must pay to Franchisor or its affiliate (as designated by Franchisor) a Brand Marketing Fee of \$2,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with Franchisor's brand standards and specifications, as more fully set forth in our Operations Manual. If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one (1) Brand Marketing Fee. This is a one-time fee.

Marketing and Advertising Expense. As of the date of this Disclosure Document, we do not require you to allocate any money towards locally marketing or advertising your iFoam Franchised Business within your Protected Territory. While you are not required to spend a specific amount on marketing and advertising, you may, at your option, expend an amount that you determine to be appropriate, in your reasonable discretion, on marketing and advertising during the term. You must submit, for our approval, all proposed advertising and promotional materials prior to your use or distribution. You agree to provide to Franchisor records and reports evidencing your marketing and advertising expenditures within five (5) business days of your receipt of a written request for such records and reports from Franchisor. Item 7 provides for an estimated monthly cost of \$2,000-\$4,000 in advertising expenses.

If you wish to use any advertising or promotional materials other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to us for our prior written

approval at least 30 days prior to your intended use or publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the proposed materials from you. If you do not receive our written approval during that period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless we withdraw or revoke our approval, which we may do at any time with written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other writing. We may require you to discontinue using any advertising or marketing material within a specified time frame, and at your own cost and expense. (Franchise Agreement, Section 12.1).

2. Advertising Cooperative.

We do not require you to participate in or to contribute to an advertising cooperative or brand fund.

F. Website and Internet Presence

You must have and maintain adequate hardware and software in order to access the internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain website(s) that provides information about the System and the products and services offered by iFoam franchises. If we exercise our right to create such website(s), we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your iFoam Business and other iFoam locations. If we do create such website(s), we may require you to prepare all or a portion of the website(s) page(s) for the iFoam Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the internet through any social networking site in connection with the operation of your iFoam Business, including without limitation, Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website or other web presence according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your website(s) or other web presence. We may require you to update the content of any social media and/or networking site(s) at the times and in the manner we decide. (Franchise Agreement, Section 12.2.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2). We are currently the sole registrant of the domain name www.ifoam.com and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation or visual variation). (Franchise Agreement, Section 12.2.4).

G. Computer Hardware and Software

We have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (a) a

compatible computer system that complies with our standards and specifications as set forth in the Operations Manual, and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the “Computer System”). (Franchise Agreement, Section 7.7).

Presently, you are required to purchase a computer system that meets our Computer System standards and specifications, which may include the following two packages:

Package 1:	Package 2:
<p>RIVNT Basic - Microsoft Office E1 Package Total Cost: \$45/month per user Includes:</p> <ul style="list-style-type: none"> • Microsoft Office E1 License <ul style="list-style-type: none"> ○ Web-based and Mobile/Tablet Office apps only (Word, Excel, PowerPoint, Outlook) ○ 50 GB Exchange mailbox ○ 1 TB OneDrive cloud storage ○ Microsoft Teams, SharePoint, and more. • Avanan Advanced Email Security <ul style="list-style-type: none"> ○ Anti-phishing, anti-malware, and email threat protection • Dropsuite for Microsoft 365 <ul style="list-style-type: none"> ○ Backup and recovery for Exchange, OneDrive, SharePoint, and Teams • Microsoft 365 Sign-In Security Audit <ul style="list-style-type: none"> ○ Real-time monitoring of sign-in logs and suspicious activity ○ Account Recovery • IT Support (Business Hours) <ul style="list-style-type: none"> ○ IT Specialist support when you need it 	<p>RIVNT Standard - Microsoft Office E3 Package Total Cost: \$60/month per user Includes:</p> <ul style="list-style-type: none"> • Microsoft Office E3 License <ul style="list-style-type: none"> ○ Full desktop & web/mobile/tablet Office apps (install on up to 5 devices) ○ 100 GB Exchange mailbox + archive mailbox ○ 1 TB+ OneDrive cloud storage 5TB max ○ Microsoft Teams, SharePoint, and more. ○ Advanced compliance features (eDiscovery, Litigation Hold, DLP) • Avanan Advanced Email Security <ul style="list-style-type: none"> ○ Anti-phishing, anti-malware, and email threat protection • Dropsuite for Microsoft 365 <ul style="list-style-type: none"> ○ Backup and recovery for Exchange, OneDrive, SharePoint, and Teams • Microsoft 365 Sign-In Security Audit <ul style="list-style-type: none"> ○ Real-time monitoring of sign-in logs and suspicious activity ○ Account Recovery • IT Support (Business Hours) <ul style="list-style-type: none"> ○ IT Specialist support when you need it

We also have the right, but not the obligation, to develop or have developed for us, or to designate: (a) Presently, you are required to purchase a computer system that meets our Computer System standards and specifications, which includes one of the following packages: computer software programs that you must use in connection with any component of the Computer System, including Microsoft software, accounting or bookkeeping software such as Quickbooks, and proprietary software which you must license from us (collectively, the “Required Software”); (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. At our request, you must purchase or lease, and thereafter maintain, the hardware necessary to support Required Software. You must purchase the components of the System and required software from Approved Suppliers or designated vendors or third-party suppliers (as we designate). You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. There currently are no maintenance and support contracts for your Computer System, but we reserve the right to require them at any time. (Franchise Agreement, Section 7.7).

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We have no obligations to maintain, repair, updated, or upgrade your computer and software.

We may, but are under no obligation to, modify the specifications and the components of the Computer System from time to time and may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or others, as well as service and support contracts for the hardware and software. As of the date of this Disclosure Document, we have not rolled out any required maintenance, or updates.

The Franchise Agreement does not impose a limit as to the number or cost of such changes to the Computer System. The estimated cost of purchasing the Computer System is approximately \$2,500 and includes one tablet for your salesperson/estimator, one mobile printer, a hotspot, and a subscription to the RIVNT Basic Package. We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the iFoam Business to us. (Franchise Agreement, Section 7.7).

We have the right to independently access, monitor, and retrieve any data you input or collect electronically, including access to your Computer System or for any other purpose we deem necessary. Data collected by your Computer System includes, but is not limited to, customer names, addresses, phone numbers, emails, and type (residential or commercial). The franchise agreements do not impose upon us any contractual limitations to our access to your data. You must deliver to us all access codes, static internet protocol (“IP”) addresses and other information to facilitate our access to the data within 30 days of opening the iFoam Business (Franchise Agreement, Section 7.7). We are the sole owners of all databases, lists, templates, programs and any other software components that have been created and/or customized by us using the e-CCM System, Computer System and/or Required Software (the “Proprietary Software”). In the future, we may customize the Proprietary Software and create programs that conduct other activities. You are required to obtain the computer hardware that is necessary to implement the Proprietary Software and comply with all our specifications and standards as provided in the Operations Manual. This Proprietary Software will be our proprietary product and the information collected from it will be our confidential information. (Franchise Agreement, Section 7.7). Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, including, but not limited to, any accounting or bookkeeping software, and Franchisor’s proprietary software provider(s).

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us and other System franchisees; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above. (Franchise Agreement, Section 7.7).

H. Additional Investment

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

ITEM 12 **TERRITORY**

Approved Location

You must operate the iFoam Business from an approved facility located in the Protected Territory that meets our current standards and specifications (the “Approved Location”). You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location will need to be approximately 1,500 to 3,500 square feet of commercial office/warehouse or flex space for your equipment, supplies and inventory and must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; (iii) be approved and consented to by Franchisor in writing within thirty (30) days, prior to execution of any lease thereon; and (iv) meet our current standards and specifications, including, but not limited to, square footage, design, layout, signage, equipment and inventory storage. The factors we consider in approving your location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within your Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. You must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. You may not relocate the iFoam Business without our prior written consent. Your failure to obtain an Approved Location that meets our standards and specifications within the time period specified above will constitute a default under the Franchise Agreement, and could be subject to termination pursuant to Section 15 of the Franchise Agreement (Franchise Agreement Section 15).

The Approved Location must be within the Protected Territory granted to you under the Franchise Agreement, unless consented to in writing by the Franchisor or as provided herein. You may not relocate your iFoam Business without our written consent, which we will not unreasonably withhold provided that the new location meets our then-current criteria for an Approved Location. You are not required to have more than one Approved Location in the event that your purchase two or more contiguous Protected Territories.

Protected Territory

We will grant you a Protected Territory within which to develop your iFoam Business.

The size of your Protected Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location. Typically, a single Protected Territory will consist of a population of approximately 200,000 individuals, depending upon geography, demographics, and other factors. The demographics, geography, and other factors we use in defining your Protected Territory are based upon information provided to us by third-party sources that we select in our sole discretion.

If you purchase two or more iFoam Businesses, you will be granted separate Protected Territories under each Franchise Agreement you execute, which are generally, but not always, contiguous and immediately adjacent to each other.

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 control. While you will not receive any exclusive rights to provide our Approved Products and Services within your Protected

Territory, it will be protected in that we will not establish or allow another person to establish an iFoam business utilizing the Proprietary Marks and System within your Protected Territory or allow another iFoam franchise to provide Approved Products and Services within your Protected Territory excepted as stated below.

You may not solicit, advertise or attempt to service or service any customers outside of your Protected Territory without our prior written consent (which may be withheld for any reason). If you solicit, advertise or sell products or services outside of the Protected Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of this agreement, we will have the right to terminate the Franchise Agreement.

Although you do not have a right to do so, we may permit qualified parties to establish another iFoam Business, if they are in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise Agreement. We have the absolute right to determine whether an existing franchisee is in conformance with our standards and specifications set out in our Operations Manual, and otherwise in good standing under the terms of the Franchise Agreement. As of the date of this Disclosure Document, the criteria we consider are, among other factors: a franchisee's compliance with the System, operational success (including your existing Franchised Business(es) meeting or exceeding certain performance thresholds), leadership ability and team development, financial stability and ability to expand and potential limits on the number of Businesses any franchisee owns.

National and Regional Accounts

There are currently no National and Regional Accounting ("NORA") programs, and we do not reserve the right to create NORA programs.

Rights Reserved by Us

We do NOT reserve the right to:

- (i) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within the franchisee's territory using the franchisor's principal trademarks.
- (ii) use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within the franchisee's territory of products or services under trademarks different from the ones the franchisee will use under the franchise agreement.




Alternate Channels of Distribution

We do NOT reserve the right to distribute our and our affiliates' products and services in your protected territory using our Marks or other trademarks, including various spray foam products, already developed and those yet to be developed, through any alternate channels of distribution.


ITEM 13 **TRADEMARKS**



You will have the limited right to use the following Proprietary Marks we have registered with the United States Patent and Trademark Office ("USPTO"), as well as any other Proprietary Marks we may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications.

We have registered with the USPTO for the following character mark:

MARK	REGISTRATION NO.	REGISTRATION DATE	REGISTER
“iFoam”	4968375	May 31, 2016	Principal
	7102009	July 04, 2023	Principal
	7496025	September 03, 2024	Principal
	7496026	September 03, 2024	Principal
“iFoam Insulation”	7654993	January 14, 2025	Principal

Additionally, we have secured a Nebraska trademark registration for the following trademarks:

MARK	REGISTRATION DATE	STATE REGISTER
	January 07, 2022	Nebraska

	January 07, 2022	Nebraska
	January 07, 2022	Nebraska

Required affidavits and renewals for the registrations for these Proprietary marks have been filed when due.

We and our principals derived the right to use the Proprietary Marks from a license agreement we entered into with our affiliate HPB Foam Holdings LLC (the “License Agreement”). Under the License Agreement, we have the right to use the Proprietary Marks and System, as well as license third parties the right to use the Proprietary Marks and System to operate the iFoam Business(es), as part of our franchise system. Our affiliate may terminate the license agreement due to our material breach. Upon termination of the License Agreement, we will be required to cease all use of the Proprietary Marks, and we will require you to do the same.

There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition or cancellation proceedings; nor any pending material litigation involving any of the Proprietary Marks that could materially affect your use of the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Proprietary Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this Disclosure Document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name

registrations we require or under applicable law. You must identify yourself as the owner of the iFoam Business by placing your name on the iFoam Business and on all checks, invoices, receipts, contracts and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “an iFoam franchisee” or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your iFoam Business, removing all our trademarks, logos, or other proprietary or intellectual property items that we specify.

You must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the right to continued use of the Proprietary Marks. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We are not required to protect you against third party claims of trademark infringement or unfair competition; however, we reserve the right to assist in the defense of such matters. We are required to, and will defend and protect you against third party claims arising out of the Proprietary Marks.

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may request that you indemnify us for any claims or damages we incur. This includes paying all our attorneys’, experts or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

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

We hold no patents and have no pending patent applications that are material to the franchise. We claim common law copyright and trade secret protection for several aspects of the System including, without limitation, our Operations Manual, training materials, advertising, and business materials.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our patented and/or copyrighted materials, we request that you notify us of such unauthorized use. We may revise our System and any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. In the event that we require you to discontinue use of any outdated copyrighted material and/or implement updated copyrighted material, the Franchise Agreement does not impose any obligation upon us concerning compensation to you. You will be responsible for printing any revised or new advertising,

marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information that we consider trade secrets and confidential information. You may not, during the term of the Franchise Agreement or any time after that, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any of these trade secrets, copyrighted materials, methods and other techniques and know-how concerning the operation of the iFoam Business (the “Confidential Information”). You may divulge such Confidential Information only to your employees who must have access to it to perform their employment obligations.

You and your managers and other key employees must maintain the confidentiality of any Confidential Information, however, you and your managers and other key employees will not be required to sign a Confidentiality Agreement. The Franchise Agreement provides that if you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of any iFoam Business, you will promptly notify us and provide us with all necessary related information, without compensation or consideration, including, but not limited to, bestowing any rights to you related thereto. Any new concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights, and other intellectual property rights whatsoever related to such new concepts. You and your principals will assign to us any rights you may have or acquire in new concepts you or your employees or contractors develop, including the right to modify such concept, process or improvement, and otherwise will waive and/or release all rights of restraint and moral rights to any new concepts you or your employees or contractors develop. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing such rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that these provisions in the Franchise Agreement are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent the Franchise Agreement, directly or indirectly infringe on your rights to the new concepts.

We may revise any of our copyrighted materials at our discretion and may require that you cease using any outdated item or portion of the Manuals.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You (or your principals) must devote his or her personal attention, skill and best efforts to the management and operation of the iFoam Business and to promote and increase the demand for our products and services within the Protected Territory. You agree that you may not, without our prior written consent, engage in any commercial activity that may be injurious to the iFoam Business or the goodwill associated with the Proprietary Marks or System. Your (or your principals’) violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we shall permit you to employ a manager to manage the day-to-day operations of the iFoam Business (the “Designated Manager”), provided the Designated Manager: (i) is approved by

us in writing prior to hiring; and (ii) successfully completes our Initial Training Program before assuming any managerial responsibility. The Designated Manager need not have any equity interest in the iFoam Business. If you choose to employ a Designated Manager, they are not required to hold ownership interest in the franchisee. The Designated Manager, and any other key employees are not required to sign a written statement to maintain confidentiality of the trade secrets described in Item 14 (see Item 14 for more details). The iFoam Business must always be staffed with at least one individual who has successfully completed the Initial Training Program. If a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

You, your spouse, and your principal shareholders, members and/or owners will not be required to sign a Guaranty agreeing to pay and perform all obligations under the Franchise Agreement.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may only offer products and services that we have previously approved. You may not offer any other products or services for sale without having received our prior written authorization. You must always maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use, and sell all private label products which we may now or in the future designate for sale by System franchisees.

All products and services you use or offer for sale from your iFoam Business must comply with our standards and specifications. Our standards and specifications are set forth in the Operations Manual, which is revised from time to time. You are responsible for ensuring that your iFoam Business always meets these standards. We have the right to inspect your iFoam Business or attend a project site for quality control purposes. We have the right to change our System, and the requirements thereunder, from time to time.

You must agree to offer and honor, at your own cost, a warranty on all materials and work sold by your iFoam Business to each of your customers in accordance with the terms we establish and modify from time to time.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this Disclosure Document.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
A. Length of the franchise term	2.1	five (5) years, which will commence on the date we execute the Franchise Agreement.
B. Renewal or extension of term	2.2	three (3) successive five (5) year term.

<p>C. Requirements for franchisee to renew or extend</p>	<p>2.2.1 through 2.2.9</p>	<p>Subject to state law. You must: (i) provide notice of your renewal no fewer than 12 months and no greater than 18 months prior to the end of the term; (ii) be in good standing with Franchisor; (iii) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (iv) execute our then- current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (v) execute a general release in favor of us and our affiliates in the form we prescribe; and (vi) pay a renewal fee equal to \$5,000 for each Protected Territory.</p>
<p>D. Termination by franchisee</p>	<p>2.3</p>	<p>You may terminate the Franchise Agreements at any time during the Term upon: (i) written notification by Franchisee to Franchisor of termination of this Agreement and the rights granted hereunder; and (ii) lump sum payment by Franchisee to Franchisor in an amount equal to the lesser of either: (a) monthly Franchise Fee for a period of, or multiplied by, twenty four (24) months; or (b) the remainder of the monthly Franchise Fees due to Franchisor for the remainder of the Term of the Franchise Agreements</p> <p>You may terminate under any grounds permitted by law.</p>
<p>E. Termination by franchisor without cause</p>	<p>Not Applicable.</p>	<p>Not Applicable. Subject to state law.</p>
<p>F. Termination by franchisor with cause</p>	<p>15.1 through 15.4</p>	<p>Subject to state law, we may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.</p>

<p>G. "Cause" defined – curable defaults</p>	<p>15.3</p>	<p>The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreements between Franchisee and Franchisor, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.</p>
<p>H. "Cause" defined – non-curable defaults</p>	<p>15.1</p>	<p>The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) If Franchisee or any principal makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business; or (ii) If proceedings are commenced to have Franchisee or any of its principals adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.</p>
	<p>15.2</p>	<p>We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have a material adverse effect on the Proprietary Marks or the goodwill associated therewith.; (ii) If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not</p>

		<p>limited to, any material misrepresentation made in Franchisee’s franchise application; (iii) If Franchisee or Franchisee’s principals make any material misrepresentation or omission in connection with Franchisee’s franchise application, including but not limited to any financial misrepresentation; (iv) If Franchisor sends Franchisee three (3) or more written notices of default pursuant to Sections 15.3 of this Agreement in any consecutive 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.; (v) If Franchisee or Franchisee’s principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information; (vi) If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the public and fails to cure such violation within 24 hours of Franchisee’s receipt of written notice from Franchisor; provided that, if the breach cannot reasonably be cured within such time frame, Franchisee shall take immediate steps to cure the violation and complete the cure as soon as commercially practicable; (vii) If Franchisee violates the in-term restrictive covenant contained in Section 17.1; (viii) If Franchisee voluntarily or otherwise abandons the Franchised Business. The term “abandon” includes any conduct which indicates a desire or intent to discontinue operations of the Franchised Business without limiting the foregoing, failure to operate the Franchised Business for seven (7) consecutive days will be deemed a abandonment of the Franchised Business; (ix) If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof; (x) If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor’s affiliates, or any of Franchisor’s system suppliers or vendors, or if there are insufficient funds in Franchisee’s bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period; (xi) If Franchisee performs Residential Services Franchised</p>
--	--	--

		<p>outside of the Protected Territory without Franchisor’s prior written consent, as provided in Section 1.2 of this Agreement; (xii) If Franchisee performs Commercial Services prior to Franchisee attending and completing the training required to perform such Commercial Services, or if Franchisee performs Commercial Services prior to Franchisee being approved by Franchisor to perform such Commercial Services; (xiii) If Franchisee or Franchisee’s principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within forty-eight (48) hours of Franchisee’s receipt of written notice of a breach under this Section.; (xiv) If Franchisee fails to submit monthly financial reports as required by Franchisor by the twenty-first (21st) of each month (or other date Franchisor may require).</p>
<p>I. Franchisee’s obligations on termination/non-renewal</p>	<p>16.1</p>	<p>Upon termination or expiration of the Franchise Agreement, your obligations include: (i) Immediately cease all operations under this Agreement; (ii) Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor’s affiliates, Franchisor’s major suppliers and vendors, all other monies owed; (iii) Discontinue immediately the use of the Proprietary Marks; (iv) Immediately cease using the proprietary software and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials; (v) Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the “Assigned Property”), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor’s designee pursuant to the</p>

		<p>Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit A, and transfer all usernames and passwords for all Social Media Pages to Franchisor; (vi) Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement; (vii) Immediately cease holding itself out as Franchisor’s Franchisee; (viii) Immediately cease to communicate with all iFoam customers; (ix) Franchisee must ensure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (x) Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement; (xi) Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement; (xii) Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement; (xiii) Immediately remove Franchisor’s Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System; and (xiv) Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.</p>
<p>J. Franchisor’s right to transfer</p>	<p>14.5</p>	<p>There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.</p>

K. "Transfer" by franchisee-defined	14.1 and 14.4	Subject to state law. You, or any of your principals', assignment, sale, gift, pledge, or other disposition of any interest in the Franchise Agreement or the iFoam Business (whether voluntary or involuntary, direct or indirect).
L. Franchisor approval of transfer by franchisee	14.1 and 14.4	Subject to state law. Any transfer requires our prior written consent.
M. Conditions for franchisor approval of transfer	14.3.2	1. Subject to state law. Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied; (ii) Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising; (iii) The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or franchisee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours; (iv) That the transferee: (i) enter into a written assignment, in a form satisfactory to

		Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and (ii) executes Franchisor's then-current franchise agreement; (v) Franchisee shall pay Franchisor a transfer fee equal to the greater of either: (i) Ten Thousand Dollars (\$10,000.00); or (ii) twenty percent (20%) of Franchisor's then-current Territory Fee; (vi) Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party; and (vii) in any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.
N. Franchisor's right of first refusal to acquire franchisee's business	Not Applicable	Not Applicable
O. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
P. Death or disability of franchisee	Not Applicable	Not Applicable
Q. Non-competition covenants during the term of the franchise	17.1	During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers commercial or residential insulation services or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") regardless of location provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a iFoam Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; (b) solicit any current, former, or prospective customer solicited by your

		iFoam Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.
R. Non-competition covenants after the franchise is terminated or expires	17.2	For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Protected Territory, (b) within a 25-mile radius of the Protected Territory or (c) within a 25-mile radius of any other protected territory franchised or licensed by us to a iFoam Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a iFoam Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; or (2) solicit any current, former, or prospective customer solicited by your iFoam Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose. Subject to state law.
S. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
T. Integration/ merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Disclosure Document.

<p>U. Internal Dispute Resolution</p>	<p>18.2</p>	<p>You must first bring any claim that is between us to the attention of our management. You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party, including, but not limited to, the requirement to travel to our headquarters in Omaha, NE for a meeting with the Chief Executive Officer and any other appropriate personnel. The requirement that you must first attempt to resolve disputes internally will survive the termination or expiration of your term. Subject to state law.</p>
<p>V. Dispute resolution by arbitration or mediation</p>	<p>18.3 and 18.4</p>	<p>Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Any and all disputes and claims that are not resolved by Internal Dispute Resolution must, be submitted to mediation, unless we provide in writing otherwise. The mediation will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect.</p> <p>Any and all disputes and claims that are not resolved by mediation must, be submitted to arbitration, unless we provide in writing otherwise. The arbitration will take place in Bucks County, Pennsylvania, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Arbitration Rules then in effect.</p> <p>You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless and until the occurrence of both: (a) mediation proceedings have occurred, or mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a written declaration by us; and then (b) arbitration proceedings have occurred, or such arbitration proceedings have been terminated either: (i) as the result of a</p>

		written declaration of the arbitrator(s) that further arbitration efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation and arbitration may be specifically enforced by us. Each party shall bear its own cost of mediation and/or arbitration, except that we will share the mediator's fees with you equally. This agreement to mediate and arbitrate will survive any termination or expiration of the Franchise Agreement.
	18.3.1	The parties shall not be required to first attempt to mediate and arbitrate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that Franchisee has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any of the restrictive covenants contained in the Franchise Agreement; or (iii) the indemnification provisions set forth in the Franchise Agreement.
W. Choice of forum	18.4	All claims not subject to mediation or arbitration must only be brought in a competent court of general jurisdiction located in Bucks County, Pennsylvania or, if appropriate, the United States District Court for the Eastern District of Pennsylvania (subject to state law).
X. Choice of law	18.1	Subject to state law. Subject to state law, Pennsylvania law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provisions.
Y. Liquidated Damages	18.13	Franchisor and Franchisee agree that if this Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if this

		<p>Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the monthly Franchise Fee multiplied by twenty-four (24) full calendar months. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies</p>
--	--	--

ITEM 18
PUBLIC FIGURES

We do not currently use any public figure to promote our System.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

Background

As of December 31, 2024, twenty-five (25) franchisees were open and operating across ninety (90) Protected Territories, with twenty (20) franchisees in operation for the entire 2024 calendar year, operating across sixty-four (64) Protected Territories. This Item 19 discloses certain historical financial performance information for those twenty (20) franchisees (the “Reporting Businesses”). All twenty (20) Reporting Businesses operated in multiple Protected Territories. The five (5) franchisees that were excluded from this Item 19 were excluded because they were not operational for the entire 2024 calendar year.

2024 Financial Performance Information for the Reporting Businesses

This Item sets forth historical Gross Sales and operating results for the Reporting Businesses during the 2024 calendar year (the “Measurement Period”). We obtained these figures from information provided by the Reporting Businesses to us through our proprietary software (the “Software System”) program for the Measurement Period. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

Table 1 of this Item 19 discloses the Aggregate Gross Sales per Group, Average Gross Sales in Group, Highest Gross Sales in Group, Lowest Gross Sales in Group, Median Gross Sales per Group, Number Exceeding Group Average, and Percent Exceeding Group Average, for each quartile “Group” (Top 25%, 2nd Quartile, 3rd Quartile, and Bottom 25%), during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 2 of this Item 19 discloses the Gross Sales for commercial jobs and residential jobs, and Percentage of Gross Sales for commercial jobs and residential jobs, during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 3 of this Item 19 discloses the Average, Median, Lowest, and Highest performance of Franchisees in the group achieved during the Measurement Period, as it relates to Total Estimates, Close Ratio, and Average Job Size, as reported to us through our Software System by the Reporting Businesses.

We will provide you with written substantiation for the financial performance representation upon reasonable request.

TABLE 1

Quartile	# of Franchisees in Group	# of Territories	Aggregate Gross Sales for Group	Average Gross Sales per Group	Highest Gross Sales in Group	Lowest Gross Sales in Group	Median Gross Sales for Group	Number Exceeding Group Average	Percent Exceeding Group Average
Top 25%	5	16	\$ 13,255,811	\$ 2,651,162	\$ 5,381,205	\$ 1,663,823	\$ 1,871,926	1	20.0%
2nd Quartile	5	16	\$ 7,273,663	\$ 1,454,733	\$ 1,574,047	\$ 1,305,726	\$ 1,461,651	3	60.0%
3rd Quartile	5	16	\$ 4,864,025	\$ 972,805	\$ 1,175,911	\$ 602,155	\$ 1,080,553	3	60.0%
Bottom 25%	5	16	\$ 1,773,960	\$ 354,792	\$ 552,968	\$ 88,409	\$ 380,210	4	80.0%
Total System	20	64	\$27,167,459	\$1,358,373	\$5,381,205	\$ 88,409	\$1,240,818	9	45.0%

Notes:

1. In some cases, a franchisee may have increased or decreased its number of Protected Territories during the fiscal year. For purpose of the Table, we include all of the territories operated by a franchisee that were operated the entire time of the Measurement Period.
2. This Table 1 to Item 19 discloses Gross Sales for the Reporting Businesses, divided into groups based on the level of Gross Sales achieved during the Measurement Period (i.e. Top 25%, 2nd Quartile, 3rd Quartile and 4th Quartile).
3. **“Gross Sales”** is defined all revenue generated by the Reporting Businesses during the 2023 calendar year, as reported to us through our Software System by the Reporting Businesses. The term **“Gross Sales”** does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.
4. **“Aggregate Gross Sales for Group”** is defined as the total Gross Sales achieved by the group for each quartile, as reported to us through our Software System by the Reporting Businesses.
5. **“Average Gross Sales per Group”** is defined as the average Gross Sales achieved by the Reporting Businesses within the respective quartile, as reported to us through our Software System by the Reporting Businesses.
6. **“Highest Gross Sales in Group”** is defined as the Gross Sales achieved by the top performing Item 19 Franchisee within the respective quartile, as reported to us through our Software System by the

Reporting Businesses.

7. **“Lowest Gross Sales in Group”** is defined as the Gross Sales achieved by the lowest performing Item 19 Franchisee within the respective quartile, as reported to us through our Software System by the Reporting Businesses.

8. **“Median Gross Sales in Group”** is defined as the median Gross Sales achieved by the Reporting Businesses within the respective quartile, as reported to us through our Software System by the Reporting Businesses.

9. **“Number Exceeding Group Average”** is defined as the number of Reporting Businesses within each quartile who are exceeding the quartile group average, as reported to us through our Software System by the Reporting Businesses.

10. **“Percent Exceeding Group Average”** is defined as the percentage of Reporting Businesses within each quartile who are exceeding the quartile group average, as reported to us through our Software System by the Reporting Businesses.

TABLE 2

Segment	Gross Sales	Percentage of Sales
Residential	\$ 19,844,019	73.0%
Commercial	\$ 7,323,440	27.0%
Total System	\$ 27,167,459	100.0%

Notes:

1. **“Gross Sales”** is defined all revenue generated by the Reporting Businesses during the Measurement Period, as reported to us through our Software System by the Reporting Businesses. The term “Gross Sales” does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

2. **“Residential”** is defined as the total gross sales for residential jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

3. **“Commercial”** is defined as the total gross sales for commercial jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

4. **“Total System”** is defined all revenue generated by the Reporting Businesses over the Measurement Period, from January 1, 2024, to December 31, 2024, as reported to us through our Software System by the Reporting Businesses. The term “Gross Sales” does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

TABLE 3

	Average Performance of Franchisees in Group	Median Performance of Franchisees in Group	Highest Performance of Franchisees in Group	Lowest Performance of Franchisees in Group	Number Exceeding Group Average	Percentage Exceeding Group Average
Total Estimates	594	542	2364	111	8	40.0%
Close Ratio	32.1%	28.9%	52.0%	19.8%	7	35.0%
Average Job Size	\$ 7,127	\$ 6,415	\$ 16,806	\$ 3,480	6	30.0%

Notes:

1. **“Total Estimates”** is defined as the total number of estimates written during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.
2. **“Close Ratio”** is defined as the percentage of total estimates written that turned into invoices, as reported to us through our Software System by the Reporting Businesses.
3. **“Average Job Size”** is defined as the average dollars spent per job performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

Assumptions and Additional Notes:

1. The Item 19 historical financial performance representation included in this Item includes certain reported performance information reported by the Reporting Businesses during the Measurement Period only.
2. The financial information presented in this Item 19 does not disclose any cost, expense or profit information.

Some outlets 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, HPB Foam LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting the Legal Department at 2525 N. 117th Avenue, Omaha, Nebraska 68164 and 1 (800) 490-8991, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

For purposes of this Item 20, each Protected Territory that a franchisee receives under a Franchise Agreement is considered an “Outlet.”

**Table No. 1:
System-wide Outlet Summary For years 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	4	29	+25
	2023	29	116	+87
	2024	116	86	-30
Company-Owned and Affiliate-Owned	2022	-	4	+4
	2023	4	4	-
	2024	4	4	-
Total Outlets	2022	4	33	+29
	2023	33	120	+87
	2024	120	90	-30

**Table No. 2:
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) For years 2022 to 2024**

	Year	Number of Transfers
TX	2022	-
	2023	-
	2024	3
TOTAL	2022	-
	2023	-
	2024	3

**Table No. 3:
Status of Franchised Outlets For years 2022 to 2024**

State	Year	Outlets at Start of	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AL	2022	2	-	-	-	-	-	2
	2023	2	3	-	-	-	-	5
	2024	5	-	-	-	-	-	5
AZ	2022	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-
	2024	-	4	-	-	-	-	4
AR	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	-	-	-	-	-	3

CO	2022	-	3	-	-	-	-	3
	2023	3	13	-	-	-	-	16
	2024	16	-	3	-	-	-	13
FL	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	3	3	-	-	-	3
GA	2022	-	-	-	-	-	-	-
	2023	-	4	-	-	-	-	4
	2024	4	-	1	-	-	-	3
ID	2022	-	3	-	-	-	-	3
	2023	3	-	-	-	-	-	3
	2024	3	-	-	-	-	-	3
IL	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	-	3	-	-	-	0
IA	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	-	-	-	-	-	3
KS	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	-	-	-	-	-	3
LA	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3
	2024	3	-	3	-	-	-	0
MI	2022	-	-	-	-	-	-	-
	2023	-	-	-	-	-	-	-
	2024	-	5	-	-	-	-	5
MO	2022	-	-	-	-	-	-	-
	2023	-	2	-	-	-	-	2
	2024	-	-	-	-	-	-	-
NC	2022	-	-	-	-	-	-	-
	2023	-	5	-	-	-	-	5
	2024	5	6	-	-	-	-	11
OH	2022	-	4	-	-	-	-	4
	2023	4	-	-	-	-	-	4
	2024	4	-	-	-	-	-	4
OK	2022	-	5	-	-	-	-	5
	2023	5	-	-	-	-	-	5
	2024	5	-	5	-	-	-	0
SC	2022	-	-	-	-	-	-	-
	2023	-	3	-	-	-	-	3

	2024	3	-	3	-	-	-	0
TN	2022	2	-	-	-	-	-	2
	2023	2	10	2	-	-	-	10
	2024	10	-	7	-	-	-	3
TX	2022	-	10	-	-	-	-	10
	2023	10	32	9	-	-	-	33
	2024	33	-	18	-	-	-	15
UT	2022	-	-	-	-	-	-	-
	2023	-	6	-	-	-	-	6
	2024	6	-	-	-	-	-	6
WV	2022	-	-	-	-	-	-	-
	2023	-	2	-	-	-	-	2
	2024	2	-	2	-	-	-	0
Totals	2022	4	25	-	-	-	-	29
	2023	29	98	11	-	-	-	116
	2024	116	18	48	-	-	-	86

**Table No. 4:
Status of Company-Owned Outlets For years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
NE	2022	-	4	-	-	-	4
	2023	4	-	-	-	-	4
	2024	4	-	-	-	-	4
Totals	2022	-	4	-	-	-	4
	2023	4	-	-	-	-	4
	2024	4	-	-	-	-	4

**Table No. 5:
Projected Openings as of December 31, 2024 for the 2025 Fiscal Year**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
AL	-	-	-	-
AK	-	-	-	-
AR	-	-	-	-
AZ	-	-	-	-

CA	-	-	-	-
CO	-	-	-	-
CT	-	-	-	-
DE	-	-	-	-
FL	-	3	-	-
GA	-	-	-	-
HI	-	-	-	-
ID	-	-	-	-
IL	-	-	-	-
IN	-	-	-	-
IA	-	-	-	-
KS	-	-	-	-
KY	-	-	-	-
LA	-	-	-	-
ME	-	-	-	-
MD	-	-	-	-
MA	-	-	-	-
MI	-	-	-	-
MN	-	-	-	-
MS	-	-	-	-
MO	-	-	-	-
MT	-	-	-	-
NE	-	-	-	-
NV	-	-	-	-
NH	-	-	-	-
NJ	-	-	-	-
NM	-	-	-	-
NY	-	-	-	-
NC	-	-	-	-
ND	-	1	-	-
OH	-	-	-	-
OK	-	-	-	-
OR	-	-	-	-
PA	-	-	-	-
RI	-	-	-	-
SC	-	-	-	-
SD	-	-	-	-
TN	-	-	-	-
TX	4	-	-	-
UT	-	-	-	-
VA	-	-	-	-

VT	-	-	-	-
WA	-	-	-	-
WV	-	-	-	-
WI	-	-	-	-
WY	-	-	-	-
Totals	4	4	0	0

Attached as Exhibit I are the names, addresses and telephone numbers of all franchisees as of the issuance date of this Disclosure Document. Except as provided herein, we have not had any franchisees who had a franchise terminated, cancelled and not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement as of the issuance date, or who has not communicated with us within 10 weeks of the 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.

During our last three fiscal years, some current or former franchisees signed confidentiality clauses. In some instances, current and former franchisees sign provisions 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.

There are no trademark-specific organizations formed by our franchisees that are associated with our System.

ITEM 21 **FINANCIAL STATEMENTS**

Attached as Exhibit E to this Disclosure Document are our unaudited financial statements as of December 31, 2025, as well as our audited financial statements as of and for the year ended December 31, 2024, as of and for the year ended December 31, 2023, and as of and for the year ended December 31, 2022. Our fiscal year end is December 31.

ITEM 22 **CONTRACTS**

Attached to this Disclosure Document are the following contracts and their attachments:

- Exhibit B: Franchise Agreement and Exhibits
- Exhibit C: Multi-Unit Addendum
- Exhibit D: State Specific Addenda
- Exhibit F: Sample Termination and Release Agreement

ITEM 23 **RECEIPTS**

Exhibit L of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to HPB Foam LLC at 2525 N. 117th Avenue, Omaha, Nebraska 68164.

Exhibit A
to
HPB Foam LLC
Franchise Disclosure Document
LIST OF FRANCHISE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Department of Financial Protection and Innovation 651 Bannan Street, Suite 750 Sacramento, CA 95811 (866) 275-2677 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-2910	Insurance Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705 (608) 266-0448	Commissioner of Securities of Wisconsin

Exhibit B
to
HPB Foam LLC
Franchise Disclosure Document

Franchise Agreement

HPB FOAM LLC



FRANCHISE AGREEMENT

TABLE OF CONTENTS

SECTION	PAGE
TABLE OF CONTENTS	ii
EXHIBITS	iii
DATA SHEET	1
1 GRANT OF LICENSE	3
2 TERM; RENEWAL; TERMINATION; RENEWAL	4
3 FEES AND MANNER OF PAYMENT	5
4 PROPRIETARY MARKS	7
5 CONFIDENTIAL INFORMATION	9
6 FRANCHISOR’S OBLIGATIONS	11
7 FRANCHISEE’S OBLIGATIONS	12
8 TRAINING	19
9 INSURANCE	20
10 FINANCIAL RECORDS	21
11 BOOKS AND RECORD	22
12 ADVERTISING	22
13 INDEPENDENT CONTRACTOR; INDEMNIFICATION	23
14 SALE OR TRANSFER	24
15 BREACH AND TERMINATION	26
16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION	28
17 COVENANTS	29
18 DISPUTE RESOLUTION	30
19 REPRESENTATIONS	37
20 NOTICES	38
21 MISCELLANEOUS	39
22 ACKNOWLEDGMENTS	40

EXHIBITS

Exhibit A	Conditional Assignment of Franchisee's Telephone Numbers, Facsimile Numbers and Domain Names
Exhibit B	Electronic Funds Withdrawal Authorization
Exhibit C	Credit Card Authorization Form
Exhibit D	Territory Map
Exhibit E	Multi-Unit Addendum
Exhibit F	State Specific Addenda

DATA SHEET

Franchisee: _____

Guarantors: _____

Effective Date: Month _____, 2026

Approved Location: _____

Protected Territory: See "Territory ____" set forth on the Map attached as Exhibit D to Franchise Agreement

Telephone Number: _____

E-Mail Address: _____

Initial Franchise Fee: \$

The terms of this Data Sheet are incorporated into the attached Franchise Agreement.

**HPB FOAM LLC
LICENSE AGREEMENT**

THIS AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective this ____ day of MONTH, 2026, by and between HPB Foam LLC, a Pennsylvania limited liability company, with its principal place of business at 2525 N. 117th Avenue, Third Floor, Omaha, Nebraska 68164 (“Franchisor”), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet (“Franchisee”).

RECITALS

A. Through the expenditure of a considerable amount of time, effort, and money, Franchisor has developed a system for the operation of an iFoam businesses (each, a “Franchised Business”) that offer, sell and perform (i) the Residential Services (as defined in Section 1.3); and (ii) Commercial Services (as defined in Section 1.3); (iii) other products, services and events that we may approve and modify from time to time (collectively, the “Approved Products and Services”). You do not need any specific prior experience in these areas of service to operate a Franchised Business.

B. Franchised Businesses are established and operated using Franchisor’s proprietary operating system, the distinguishing characteristics of which currently include: (i) Franchisor’s proprietary standards and specifications for certain products and services used in connection with providing Franchisor’s Approved Products and Services to customers; (ii) certain proprietary products developed by Franchisor; (iii) Franchisor’s standards and specifications for sales techniques, marketing and advertising programs; (iv) proprietary training programs; and (v) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and Franchisor’s proprietary and confidential operations manual (the “Operations Manual”) that franchisees have access to, which may be modified from time to time by Franchisor (collectively, the “System”).

C. The System is identified by Franchisor’s proprietary trademarks, service marks, trade dress, logos and other indicia of origin and intellectual property, including, without limitation, the “iFoam” character mark(s) and “I’m Foamie” design mark registered on the Principal Register of the United States Patent and Trademark Office, as well as the “iFoam” design mark(s) and “iFoam Insulation” character mark pending registration on the Principal Register of the United States Patent and Trademark Office (collectively, the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and franchisees in order to identify for the public the source of products and services marketed thereunder and to represent the System's high standards of quality and service.

D. Franchisor offers licenses for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory.

E. Franchisee desires to establish and operate a Franchised Business within the Protected Territory hereinafter designated, to use in connection therewith the Franchisor's System and the Proprietary Marks and to derive the benefits of Franchisor’s information, experience, and customer goodwill.

F. Franchisor wishes to grant Franchisee the limited right to open and operate a Franchised Business based on Franchisee’s representations to Franchisor, including those representations set forth in Franchisee’s franchise application, in accordance with the terms and conditions set forth in this

Agreement.

G. Franchisee recognizes the importance to Franchisor, to its other franchisees and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Marks and System, and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

1 GRANT OF LICENSE

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one Franchised Business, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisee may offer, sell and perform Franchisor's Approved Products and Services within the Protected Territory set forth in Section 1.2 herein. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional Protected Territories.

1.2 **Protected Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business that provides Residential Services under the System and the Proprietary Marks within the protected area identified in the Data Sheet, the terms of which are incorporated herein by reference (the "Protected Territory") during the term of this Agreement. Franchisee acknowledges and agrees that other iFoam franchisees may offer, accept, and perform certain services within the Protected Territory as set forth in this Agreement.

Franchisee is permitted to conduct the Residential Services outside of the Protected Territory provided that (a) Franchisee will not be operating within another franchisee's Protected Territory, and (b) Franchisee received Franchisor's prior written consent, which may be withheld for any reason. Other than these operations, Franchisee is not permitted to offer, sell, or perform the Residential Services outside of the Protected Territory without Franchisor's prior written consent. All sales and other activities conducted within or outside the Protected Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards and specifications as set forth in the Operations Manual (as defined in Section 6.1 herein).

1.3 Authorized Products and Services

a. **Residential Services.** Franchisee may offer, sell, and perform "Residential Services" only in the Protected Territory. "Residential Services" are defined as:

- I. (i) new and replacement residential attic insulation services; (ii) new and replacement residential crawl space insulation services; (iii) residential blow in and removal of insulation services; and (iv) residential spray foam insulation services.

b. **Commercial Services.** Provided that Franchisee shall meet Franchisor's then-current criteria for providing Commercial Services, and is not in default of any provision of this Agreement, then Franchisee will be authorized to offer, sell, and perform, any insulation services of any building not specifically identified above as a "Residential Service" in any geographic area, inside or outside of their Protected Territory. Franchisee acknowledges and agrees that until such time as Franchisee becomes expressly authorized to perform the Commercial Services, Franchisee shall have no right to Commercial Services contracts within the Protected Territory, and other iFoam franchisees may perform Commercial Services within the Protected Territory using the Marks. Franchisee acknowledges and agrees that if Franchisor grants Franchisee the right offer, sell, and perform the Commercial Services, Franchisee may offer, sell, and perform the Commercial Services in any geographic area, inside or outside of their Protected Territory, and that if Franchisor grants another iFoam Franchisee the right to offer, sell, and perform the Commercial Services, such other iFoam Franchisee may offer, sell, and perform the Commercial Services in any geographic area, which may be inside of Franchisee's Protected Territory for Residential Services.

1.4 **Approved Location.** Franchisee must operate the iFoam Business from an approved facility that meets Franchisor's current standards and specifications (the "Approved Location"). You may use either a home office or leased commercial property as your Approved Location, however, if you elect to utilize a leased commercial property as your Approved Location, such proposed location must: (i) be secured within ninety (90) days after the date of execution of the Franchise Agreement; (ii) be located in a Protected Territory; ; and (iii) meet Franchisor's current standards and specifications as more fully set forth in the Operations Manual. The leased commercial property will need to be approximately 1,500 to 3,500 square feet and be located within a Protected Territory. The factors Franchisor considers in approving Franchisee's location include but are not limited to: (i) the type of commercial space; (ii) the geographic location of the space and whether it is centrally located within Franchisee's Protected Territory; (iii) whether there is enough space for office and storage; and (iv) whether the terms of the lease are favorable. Franchisee must continuously maintain an Approved Location throughout the Term of the Franchise Agreement without interruption. Franchisee may not relocate the iFoam Business without Franchisor's prior written consent. Franchisee's failure to obtain an Approved Location that meets Franchisor's standards and specifications within the time period specified above will constitute a default under this Franchise Agreement, and could be subject to termination pursuant to Section 15 of this Franchise Agreement (see Section 15 for details).

2 **TERM: RENEWAL: TERMINATION: RENEWAL**

2.1 **Term.** The initial term of the Franchise Agreement and Franchised Business is for a period of FIVE (5) years, which will commence on the date that is one hundred twenty (120) days after the first day of the month immediately following the month in which you sign this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for three (3) successive, additional five (5) year periods, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least six (6) months, and no more than twelve (12) months, prior to expiration of the current term;

2.2.2 Franchisee is in good standing with Franchisor;

- 2.2.3 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors;
- 2.2.4 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement, including revised population;
- 2.2.5 Franchisee and its principals execute a general release in the form Franchisor prescribes; and
- 2.2.6 Franchisee pays a renewal fee in the amount of Five Thousand Dollars (\$5,000) for each Protected Territory.

2.3 Termination.

- a. Franchisor Termination. Franchisor may terminate this Agreement on the terms and conditions set forth in Section 15.
- b. Franchisee Termination. Franchisee may terminate this Agreement at any time during the Term upon: (i) written notification by Franchisee to Franchisor of termination of this Agreement and the rights granted hereunder; and (ii) lump sum payment by Franchisee to Franchisor in an amount equal to the lesser of either: (a) monthly Franchise Fee for a period of, or multiplied by, twenty four (24) months; or (b) the remainder of the monthly Franchise Fees due to Franchisor for the remainder of the Term of the Franchise Agreements.

Franchisee acknowledges and agrees that the post-term covenants set forth in Section 17 of this Agreement shall be valid and enforceable by and against Franchisor and Franchisee, upon the occurrence of a termination of the Agreement pursuant to Section 2.3(b) above by Franchisee.

2.4 Cease Operations.

Franchisee may temporarily suspend operation of the Franchised Business, and the obligations of Franchisor and Franchisee under this Agreement, at any time during the Term, upon: (i) written notification by Franchisee to Franchisor of the suspension of operation of the Franchised Business; and (ii) monthly payment by Franchisee to Franchisor in an amount equal to fifty percent 50% of the monthly Franchise Fee, for the remainder of the Term of the Franchise Agreements unless terminated prior to the expiration of the Term of the Franchise Agreements or as mutually agreed by the Parties. Notwithstanding the above, Franchisee acknowledges and agrees that Franchisee shall be required to maintain certain basic software or communication programs as required by Franchisor, including, but not limited to one (1) Microsoft user license during the duration of the suspended or ceased operation of the Franchised Business, and that Franchisee shall be fully responsible for administration and payment for such programs.

3 **FEES AND MANNER OF PAYMENT**

- 3.1 **Territory Fee.** In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum territory fee (the "Territory Fee") in an amount equal to the greater of: (i) Fifteen Thousand Dollars (\$15,000.00); or (ii) the sum of One Hundred Dollars (\$100.00) per 1,000 general population in the Protected Territories. Each 200,000 of general population shall be considered one (1) "Protected Territory".

The Territory Fee is due on the “Commencement Date”, or the first day of the calendar month that is four (4) full calendar months after the month in which Franchisee executed the Franchise Agreement. (For illustration, if Franchisee signs the Franchise Agreement on January 12th, the Commencement Date will be June 1st). The Territory Fee shall be deemed fully earned and non-refundable upon payment, in consideration of administrative and other marketing, sales, and expenses Franchisor incurs in granting the franchise, including fees and expenses paid by Franchisor to third-party networks, consultants, and brokers.

- 3.2 **Monthly Franchise Fee.** Franchisee must pay Franchisor a monthly franchise fee (the “Franchise Fee”) deducted via the EFT Program in an amount equal to the greater of either: i) Three Thousand Dollars (\$3,000) per month; or ii) Three Dollars (\$3.00) per 1,000 general population in each Protected Territory.

The monthly Franchise Fee is due on the Commencement Date and each month thereafter during the Term of this Agreement. Failure to pay the required monthly Franchise Fee constitutes a material breach of your obligations under the Franchise Agreement. In addition to any and all other remedies available to Franchisor under this Agreement (including Franchisor’s right to terminate) and applicable law, if Franchisee does not pay to Franchisor the required Franchise Fee, Franchisor has the right to reduce, modify or eliminate the Protected Territory rights granted to Franchisee under this Agreement as an alternative remedy option.

- 3.3 **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the “EFT Program”), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, via wire transfer or from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the “EFT Account”). Franchisee shall immediately deposit all revenues from operation of the Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee’s bank’s name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s bank, all documents, including Franchisor’s form of EFT Authorization Form attached as Exhibit B to this Agreement, necessary to effectuate the EFT Program and Franchisor’s ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee’s banking relationship, including any change to the EFT Account. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. Franchisee must also provide Franchisor with necessary credit card information as a back-up in the event that the EFT fails or is denied. Franchisee hereby authorizes Franchisor to charge this credit card in the event of an EFT denial or failure. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee’s credit card company, all documents, including Franchisor’s form of Credit Card Authorization Form attached as Exhibit C to this Agreement, necessary to effectuate Franchisor’s ability to charge Franchisee’s credit card for any fees owed in the event of an EFT denial or failure.
- 3.4 **Opening Package.** Prior to opening, Franchisee must purchase from Franchisor’s Approved Suppliers, Designated Vendors (as Franchisor designates), or Third-Party Providers, the required opening package, which includes items such as promotional materials, including brochures, yard signs, apparel, and other equipment, tools, and supplies related to the operation of your iFoam Business (the “Opening Package”). Franchisor estimates that the full purchase price of the

Opening Package is approximately \$19,210 to \$24,980 plus estimated tax and freight. If Franchisee purchases more than one Protected Territory, Franchisee shall only be required to pay one Opening Package.

- 3.5 **Brand Marketing Fee.** Within forty-five (45) days after execution of this Agreement, Franchisee must pay to Franchisor or its affiliate a brand marketing fee in the amount of \$2,500 (the “Brand Marketing Fee”). The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with Franchisor’s brand standards and specifications, as more fully set forth in our Operations Manual. If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one (1) Brand Marketing Fee. This is a one-time fee.
- 3.6 **ZeePartnerships Fee.** Within forty-five (45) days after execution of this Agreement, Franchisee must pay Franchisor a one-time zeepartnerships fee (the “ZeePartnerships Fee”) of \$5,000. The ZeePartnerships Fee covers the costs of building, developing, and maintaining national and regional strategic partnerships that assist in promoting brand awareness and creating lead generation opportunities. If Franchisee purchase more than one (1) Protected Territory, Franchisee shall only be required to pay one ZeePartnerships Fee.
- 3.7 **Late and/or Under Payments and Interest.** All fee payments, amounts due for purchases by Franchisee from Franchisor and/or its affiliated company, and other amounts which Franchisee owes to the Franchisor and/or its affiliated company, not received on or before the due date, shall be deemed past due. If any payment or contribution is past due, Franchisee shall pay to the Franchisor immediately upon demand, in addition to the past due amount, Franchisor’s then-current late fee per incident, plus interest on the past due amount from the date it was due until paid at the rate of one and one half percent (1.5%) per month, or the maximum rate permitted by law, whichever is greater. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor’s sole judgment, any other rights or remedies available to Franchisor under this Agreement.

4 **PROPRIETARY MARKS**

4.1 **Franchisee’s Use of the Proprietary Marks and Other Proprietary Material.**

- 4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates and shall use them only in the manner Franchisor authorizes and permits.
- 4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only in the Protected Territory and in sales and marketing for the Franchised Business.
- 4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols “TM,” “SM,” “S,” or “®,” as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee’s corporate or other legal name. Franchisee’s corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee’s corporate or limited

liability company name either alone or followed by the initials “D/B/A” and a business name approved in advance by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee’s Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee’s Franchised Business is located, as doing business under such assumed business name.

- 4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.
- 4.1.5 Franchisee’s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor’s rights.
- 4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor’s behalf.
- 4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.
- 4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks that Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor’s ownership of, Franchisor’s right to use and to license others to use, or Franchisee’s right to use, the Proprietary Marks and Operations Manual (collectively the “Proprietary Material”). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor’s rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee’s use of the Proprietary Material. If Franchisor, in Franchisor’s sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor’s sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee’s use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor’s opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee’s use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee’s out-of-pocket costs in performing such acts.
- 4.1.9 Franchisee expressly understands and acknowledges that:
 - 4.1.9.1 Franchisor or its affiliates or franchisors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

- 4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;
- 4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;
- 4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;
- 4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;
- 4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other franchises for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and
- 4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within ten (10) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

5 **CONFIDENTIAL INFORMATION**

- 5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section 5.2. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.
- 5.2 **Confidential Information.** Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; the Operations Manual and Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a

Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the Franchised Business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any Trade Secrets (as defined in Section 5.3 of this Agreement), or of a customer of Franchisor, or of any other franchisee; and any information about or originating from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, "Confidential Information"). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

- 5.3 **Trade Secrets.** Notwithstanding Section 5.2, trade secret means information (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (collectively, "Trade Secrets"). To the extent that applicable law mandates a definition of "trade secret" inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.
- 5.4 **Employees and Subcontractors.** All of Franchisee's employees and subcontractors shall maintain the confidentiality of information they receive in connection with their employment or engagement by Franchisee at the Franchised Business.
- 5.5 **New Concepts.** If Franchisee, or Franchisee's employees, principals or subcontractors, develop(s) any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor's sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee's principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee's principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentation for obtaining and enforcing such rights. Franchisee and Franchisee's principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee's principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use

of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee's rights therein.

- 5.6 **Customer Privacy.** Franchisee understands and acknowledges that Franchisee is responsible for complying with all applicable laws, rules and regulations, including those applying to customer privacy. Subject to this obligation, Franchisee further agrees to adhere to the terms of Franchisor's customer privacy policies, which Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as permissible under applicable law and except as absolutely necessary to operate the Franchised Business.

6 FRANCHISOR'S OBLIGATIONS

- 6.1 **Operations Manual.** Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to its operations manual and intranet system, which contains mandatory and suggested specifications, standards and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business ("Operations Manual"). The Operations Manual may cover such topics as approved location, pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles and vehicle wraps, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time. The Operations Manual will remain confidential and the property of the Franchisor, constituting a trade secret of Franchisor, and may not be, shared, loaned out, duplicated, distributed or copied in whole or in part in any manner. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Operations Manual from time to time in writing in any manner, including through the Operations Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Operations Manual, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.
- 6.2 **Opening Requirements; Initial Equipment, Tools and Supplies.** Franchisor will also provide a list of all items, equipment, tools, and supplies required to open and operate the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), which may include Franchisor its affiliates, and designated third-party suppliers, with which Franchisee must comply.
- 6.3 **Ongoing Assistance.** Franchisor may provide limited Franchisee continuing consultation, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, digitally, via webinar/video conferencing, or other means. Franchisor may also use the Operations Manual, as defined in Section 6.1, to provide some self-serve training materials.
- 6.4 **Pricing.** Franchisor may advise Franchisee from time to time concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchisee. Nothing contained herein shall be deemed a representation or warranty by Franchisor that the use of Franchisor's suggested prices will result in a profit. Franchisee may charge whatever prices it deems appropriate without regard to Franchisor's suggested pricing.

7 **FRANCHISEE'S OBLIGATIONS**

7.1 **Training.** Franchisee (or if Franchisee is an entity, then Franchisee's principals) must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement. Franchisor has the right to require up to two (2) individuals to attend in addition to Franchisee, one of which must be Franchisee's general manager or Designated Manager.

7.2 **Opening Requirements.** Franchisee shall open and commence operating the Franchised Business within one hundred eighty (180) days of executing this Agreement. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Protected Territory, and provide Franchisor with written proof thereof; (ii) purchase all required vehicles, equipment, tools, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described defined in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

7.3 **Purchasing Requirements.**

7.3.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, and product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.3.2 *Designated and Approved Suppliers.* Franchisee must currently use Franchisor's designated suppliers to purchase certain items and/or services necessary to operate the Franchised Business as determined by Franchisor and as set forth in the Operations Manual. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase those certain goods, services, furnishings, fixtures, computer hardware and software, including Required Software and Microsoft Office365 accounts with support for applications such as Outlook email, OneDrive file sharing, and Teams communication tools, and other equipment, tools, supplies, and inventory, from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliates and/or a third party may be one of several, or the only, Approved Supplier of any particular good or service. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue and other material consideration on any products and/or services that Franchisor, Franchisor's affiliates and/or

Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

7.3.3 *System Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers, including affiliates of Franchisor, who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

7.3.4 *Rebate Program.* Franchisor and/or its affiliates and/or designated suppliers reserve the right to establish one or more rebate programs for qualifying purchases of certain products and/or services, and/or use of Franchisor's approved suppliers or designated vendors (the "Rebate Program") which may include discounted pricing, special terms, rebates, or other incentives or benefits (individually and collectively, the "Rebate"). Franchisee may, but is not required to, participate in the Rebate Program. Franchisor, or its affiliate, approved supplier, or designated vendor, shall provide a Rebate to Franchisee upon Franchisee's election to participate in the Rebate Program and Franchisee's compliance with the terms and conditions of the Rebate Program, on the terms and conditions set forth by Franchisor, in its sole discretion. Franchisor and/or its affiliates and/or third party suppliers reserve the right to (but are not contractually required to) establish and offer Franchisee an opportunity to participate in one or more Rebate Programs and to condition Franchisee's participation in any such Rebate Program on, among other conditions Franchisor may designate, Franchisee: (i) meeting certain eligibility requirements; (ii) executing Franchisor's designated form of Rebate Program participation agreement or amendment, which may include, among other terms, a general release of any and all claims in favor of Franchisor and its owners, officers, directors, affiliates, parents, subsidiaries, predecessors, successors and assigns; and (iii) compliance with purchasing requirements. Franchisor, its affiliates and third-party suppliers are not required to establish or offer Rebate Programs but may do so at any time. The determination of qualifying purchases of certain products or services, or use of Franchisor's approved suppliers or designated vendors for the Rebate Program shall be made by Franchisor in its sole discretion. If Franchisee elects to participate in the Rebate program, Franchisee's participation in the Rebate Program may require Franchisee to meet certain conditions, which shall be communicated to Franchisee by Franchisor in writing. The terms and conditions of the Rebate Program, including the administration and/or establishment or continuance thereof, shall be determined by Franchisor in its sole discretion and may change at any time, upon reasonable notice to Franchisee. Franchisee must comply with all of the terms and conditions of the Rebate Program to receive the Rebate. Franchisee acknowledges, understands, and agrees that regardless of Franchisee's election to

participate in the Rebate Program, Franchisee shall meet the purchasing requirements, terms, and conditions set forth in the disclosure document, Franchise Agreements, Operations Manual, or Franchisor policies and procedures. All fees or Rebates that are not provided to Franchisee under the Rebate Program may be retained by Franchisor, or its affiliate, approved supplier or designated vendor, to cover administrative costs, promotion of Franchisor's System, or Franchisor's brand. Additionally, if established, Franchisor, its affiliates and third-party suppliers reserve the right to discontinue or terminate any Rebate Program at any time effective upon reasonable notice to Franchisee. Franchisee acknowledges, understands, and agrees that Franchisor, and/or its affiliates, may derive revenue or receive a commission or fee from the Rebate Program and hereby consents thereto.

7.4 Authorized Products and Services. Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services.

7.5 Operations.

7.5.1 Maintenance of Premises and Project Sites. Franchisee must maintain the Franchised Business and all project sites in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.5.2 Personnel/Staffing. Franchisee must employ a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All employees engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

7.5.3 Compliance with Operations Manual and Training of Employees. Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. Franchisee shall cause any third-party subcontractor engaged by Franchisee to perform work on behalf of Franchisee with respect to the Franchised Business to comply with all applicable requirements of this Agreement, including, but not limited to, Franchisor's quality and performance standards. The Operations Manual shall set forth the

practices, procedures and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

- 7.5.4 *Management Participation.* Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote his or her personal full-time attention and best efforts to the management and operation of the Franchised Business. Upon Franchisee's written request, Franchisor shall permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's Initial Training Program as set forth in Section 8.1. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring.
- 7.5.5 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.
- 7.5.6 *Equipment and Inventory.* Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles (each wrapped in accordance with Franchisor's specifications), equipment, tools, supplies, and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment, tools, and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.
- 7.5.7 *Products with Proprietary Marks.* Franchisee shall in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor. Franchisee must wrap each vehicle used in connection with the operation of the Franchised Business in accordance with Franchisor's specifications.
- 7.5.8 *Market Research.* Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.
- 7.6 **Franchised Business Inspection.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the franchise System and Franchisee's performance under this Agreement, the

Operations Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

7.7 Computer Software and Hardware.

- 7.7.1 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, applications, and hardware be used by Franchisee, including without limitation: (a) a compatible computer system that complies with Franchisor's standards and specifications and is capable of operating financial and other business software; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; and (d) Internet access mode and bandwidth (collectively, the "Computer System").
- 7.7.2 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (a) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor's proprietary software (collectively, the "Required Software"), which Franchisee must license from Franchisor; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee must install at its expense; (c) the tangible media upon which Franchisee records data; and (d) the database file structure of the Computer System.
- 7.7.3 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 7.8.3 shall be at Franchisee's sole cost and expense.
- 7.7.4 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system and Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol ("IP") addresses and other information to facilitate Franchisor's access to the data described in this Section 7.8 within thirty (30) days of opening the Franchised Business. Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, including, but not limited to, accounting or bookkeeping software, and Franchisor's proprietary software provider(s). Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, including, but not limited to, accounting or bookkeeping software, and Franchisor's proprietary software provider(s).

- 7.7.5 *Proprietary Software.* Franchisor has a proprietary interest in all databases, lists, templates, programs and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the “Proprietary Software”). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor’s proprietary product and *the* information collected therefrom will be deemed Franchisor’s confidential information.
- 7.7.6 *Computer Network.* Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee’s reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.
- 7.8 **Personal Conduct.** Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor’s Proprietary Marks into disrepute. Franchisee agrees to adhere to good business practices, observing high standards of civility, honesty, integrity, fair dealing and ethical business conduct and good faith in all social media content, as well as all business dealings with customers, vendors, Franchisee’s employees, Franchisor’s employees and other franchisees. Franchisee must not engage in deceptive, misleading, unethical, abusive or derogatory practices or conduct that may have a negative impact on the reputation and goodwill associated with the Marks and the System.
- 7.9 **Telephone and Email Access.** Franchisor reserves the right to procure and supply dedicated telephone numbers and email accounts associated with the Franchised Business.
- 7.10 **Payment of Debts.** Franchisee is solely responsible for: selecting, retaining and paying Franchisee’s employees; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee’s obligations in order to preserve the relationship between System suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes,

gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

- 7.11 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, trademark and copyright infringement, fair marketing laws, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.
- 7.12 **Trade Secrets and Confidential Information.** Franchisee and all employees and subcontractors must maintain the confidentiality of all Confidential Information as set forth in Section 5 of this Agreement.
- 7.13 **Image.** Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other spray foam insulation businesses that offer similar products and services valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of an iFoam franchised business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other products Franchisor designates that are imprinted with the Proprietary Marks and colors, as prescribed from time to time by Franchisor.
- 7.14 **Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may materially adversely affect the operation or financial condition of the System, the Marks, or that may have a negative impact on the reputation and goodwill associated with the Marks and the System.
- 7.15 **Warranty.** Franchisee agrees to offer and honor such warranty on all materials and workmanship sold by Franchisee as Franchisor may designate from time to time in the Operations Manual or otherwise in writing. Franchisee shall undertake all warranty work under the Proprietary Marks. All costs associated with administering and honoring the warranty service shall be borne by Franchisee. Franchisee agrees that it shall remain liable during the Term or upon the termination

or expiration of this Agreement for all warranties issued by Franchisee. If Franchisee does not remedy, in full, any warranty claim made by a customer within a reasonable amount of time after receiving notice of such claim, as determined by Franchisor in its sole discretion, Franchisee and its principals acknowledge and agree that Franchisor may thereafter address such warranty claim, and Franchisee and principals are required to promptly reimburse Franchisor for all warranty costs or customer reimbursements incurred by Franchisor.

8 TRAINING

- 8.1 **Initial Training Program.** Franchisee, Franchisee's Designated Manager (if applicable), and any other staff or personnel that Franchisee designates must attend and successfully complete Franchisor's then-current initial training program, consisting of Phase I, Phase II, and Phase III Training (the "Initial Training Program"). All Phase I and Phase II Training occurs digitally or via webinar/video conferencing, while certain portions of Phase III Training may be in-market training conducted within Franchisee's Protected Territory.. Franchisee must complete all three phases of the Initial Training Program prior to commencing operations of the iFoam Business.

Within forty-five (45) days after execution of this Agreement, Franchisee must pay Franchisor its then-current initial training tuition fee for the Initial Training Program. The current training tuition fee for the Initial Training Program is \$4,995.

- 8.1.1 *Timing for Completion.* Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction prior to opening the Franchised Business and within one hundred eighty (180) days from the execution date of this Agreement. In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction, then Franchisor may terminate this Agreement.
- 8.1.2 *Employee Training.* Franchisee must ensure that any and all employees of the Franchised Business that do not attend the Initial Training Program are properly trained to perform their respective duties in connection with the Franchised Business prior to such employee(s) undertaking these duties.
- 8.1.3 *Training Materials.* Franchisor may provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials may be available to Franchisee in the Operations Manual or by other means in Franchisor's sole discretion. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication or other unauthorized use of any portion of the training materials.
- 8.2 **Additional and Remedial Training.** Franchisor may conduct, and require Franchisee, Franchisee's Designated Manager (if applicable), estimators, installers, and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion, at Franchisor's expense. Additional and/or refresher training will take place digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

- 8.3 **Reasonable Training and Assistance Requests.** Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee for Franchisor's actual costs and expenses incurred associated any training or assistance that Franchisor provides at Franchisee's request. Additional assistance will be provided by Franchisor digitally, via webinar/video conferencing, over the phone, via email or Franchisor's Operations Manual. In the event that Franchisee requests that the additional training and/or assistance be conducted within Franchisee's market or Protected Territory, Franchisee will be required to reimburse Franchisor for Franchisor's actual costs and expenses associated with providing in-market training, including any travel, lodging, meal expenses, and applicable per diem charges for Franchisor's personnel.

9 INSURANCE

- 9.1 **General.** Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Operations Manual or otherwise in writing. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable and customary in the spray foam insulation services industry. The insurance policy or policies must be in effect upon the earlier of: (a) thirty (30) days prior to opening the Franchised Business; or (b) upon signing a lease agreement for the premises of the Franchised Business. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's respective, past, present, and future officers, directors, owners, managers, members, stockholders, affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business. Franchisee shall have HPB Foam LLC, and its subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds under each policy, except for policies required by statute in Franchisee's jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. The employment practices liability policy is required to: (a) have an endorsement as listed on Form CG 20 29 or its equivalent; and (b) name Franchisor as Co-Defendant. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice (which need not exceed 30 days) through the Operations Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Franchisee must provide Franchisor with certificates of insurance evidencing the required coverage at least 30 days prior to opening. Franchisee shall continue to provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith on an annual basis or as otherwise specified in the Operations Manual.
- 9.2 **Designation of Carrier; Insurance Rating, Approval, and Certification.** Franchisor has the sole right, exercisable at any time and upon notice to Franchisee, to designate a vendor or supplier, which may include an affiliate of Franchisor, from whom Franchisee must purchase all insurance policies required by Franchisor to operate the Franchised Business. All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable

of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least thirty (30) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance requirements have been met. All insurance policies held by Franchisee will be primary and non-contributory to any policy or policies held by Franchisor or its affiliates.

- 9.3 **Designees.** All policies will list Franchisor, its subsidiaries, affiliates, and respective officers, directors, members, shareholders and employees as additional insureds and contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates and will be primary and non-contributory to any insurance Franchisor might carry. Franchisor reserves the right to modify required insurance coverage during the course of Franchisee's agreement based on changes in risk factors for which Franchisee must comply with upon written notice from Franchisor.
- 9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section 9.
- 9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.
- 9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.
- 9.7 **Third Party Subcontractors - Insurance.** Franchisee agrees not to permit any third party subcontractor to perform any work or offer any services on behalf of Franchisee in respect of the Franchised Business unless such subcontractor maintains insurance coverage in such amounts and types as Franchisee is required to maintain under the provisions of this Section 9, with the specific addition that subcontractors cannot exclude principals from its Workers' Compensation coverage and that liability policies name Franchisor as an additional insured. Franchisee agrees to maintain evidence that such insurance by its subcontractors is in effect and to provide such proof of insurance as Franchisor may require, in its sole discretion, from time to time.

10 FINANCIAL RECORDS

- 10.1 **Records.** Franchisee must maintain, for at least five (5) fiscal years from their preparation, full, complete accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. Franchisee must also

provide Franchisor with access to the information generated by any software. Franchisor requires Franchisee to use in connection with its accounting, reporting, disclosure, and otherwise obligations under this Agreement, accounting or bookkeeping software, and Franchisor's proprietary software provider. Franchisor has the right to disclose data derived from the reports Franchisee furnishes. Franchisee shall provide Franchisor any other data, information, and supporting records that Franchisor designates from time to time, including all reports set forth in the Operations Manual.

- 10.2 **Monthly Financial Reporting.** Franchisee must send Franchisor monthly financial reporting statements, records, and information, as required by Franchisor, by the 21st of the following month. Failure to do so upon 15 days' written notice is grounds for termination of the Franchise Agreement under Section 15.3.8.

11 **BOOKS AND RECORDS**

- 11.1 **Records.** Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business, including a complete listing of all work performed by any subcontractors.

12 **ADVERTISING**

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to further the goodwill and public image of the System, the parties agree as follows:

- 12.1 **Generally.** With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least thirty (30) days prior to its intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within fifteen (15) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within fifteen (15) days, proposed materials shall be deemed disapproved. All advertising must prominently display the Proprietary Marks and will comply with any standards for use of the Proprietary Marks that Franchisor establishes, as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.
- 12.2 **Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet, except as provided herein. Franchisor may unilaterally modify the provisions of this Section 12.2 from time to time in its sole discretion.
- 12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by franchised businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, content and continuation).

- 12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about Franchisee's Franchised Business and other franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for Franchisee's Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.
- 12.2.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such site or page in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s). Notwithstanding anything to the contrary contained in this Section 12 of the Franchise Agreement, Franchisor and Franchisee acknowledge and agree that Franchisee may generally share and promote Franchisor's, and Franchisor's affiliate's, social media content and posts with Franchisee's personal social media account(s) in accordance with the social media policies, practices, and standards set forth in the Operations Manual or as otherwise set forth or directed by Franchisor.
- 12.2.4 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name, www.ifoam.com, as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 Marketing Requirements.

- 12.3.1 *Brand Marketing Fee.* Within forty-five (45) days after execution of this Agreement, Franchisee must pay to Franchisor or its affiliate (as designated by Franchisor) a Brand Marketing Fee of \$2,500. The Brand Marketing Fee covers the costs of creation, production and distribution of brand marketing assets, strategies and other materials or activities in any medium, which may include, but not limited to, the internet, social media, search engine optimization, video production, photography, campaign development and related advertising or marketing expenses, including administration expenses, in accordance with Franchisor's brand standards and specifications, as more fully set forth in our Operations Manual. If Franchisee purchases more than one (1) Protected Territory, Franchisee shall only be required to pay one (1) Brand Marketing Fee. This is a one-time fee.

13 **INDEPENDENT CONTRACTOR; INDEMNIFICATION**

- 13.1 **Independent Contractor Status.** Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither

party to this Agreement is the agent, principal, partner, employee, employer or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor's agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor's behalf or in Franchisor's name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee's corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates the Franchised Business as an independently owned and operated iFoam business, and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name, and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors. It is understood and agreed by the parties hereto that this Agreement does not establish any fiduciary relationship between them.

- 13.2 **Indemnification.** Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part, or related to (in any way): (i) the operation of the Franchised Business, including, without limitation, the use, condition, or construction, equipping, maintenance or operation of the Franchised Business (including any allegations of any act of negligence on the part of Franchisor or any Franchisor Related Party), Franchisee's advertising, and/or the sale or provision of any Approved Products by Franchisee, its employees or subcontractors, and all warranty claims; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration, transfer, or termination of this Agreement.

14 **SALE OR TRANSFER**

- 14.1 **Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell,

transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

14.2 Ownership Changes. A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement.

14.2.1 *Conditions for Approval.* Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer is proposed to take place. Franchisor may condition Franchisor's approval of any proposed sale or transfer of the Franchise Business or of Franchisee's interest in this Agreement upon satisfaction of the following occurrences:

14.2.1.1 All of Franchisee's accrued monetary obligations to Franchisor, Franchisor's affiliates, and Franchisor's designated/approved suppliers and vendors, are satisfied;

14.2.1.2 Franchisee and Franchisee's principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor's affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.2.1.3 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or franchisee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.2.1.4 That the transferee: (i) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; and (ii) executes Franchisor's then-current franchise agreement;

14.2.1.5 Franchisee shall pay Franchisor a transfer fee equal to the greater of either: (i) Ten Thousand Dollars (\$10,000.00); or (ii) twenty percent (20%) of Franchisor's then-current Territory Fee.

14.2.1.6 Franchisor's approval of the transfer shall not constitute a waiver of any claims

Franchisor may have against the transferring party;

14.2.1.7 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

14.3 **Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement in Franchisor's sole discretion.

15 **BREACH AND TERMINATION**

15.1 **Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee or any principal makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee or any of its principals adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have a material adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any material misrepresentation made in Franchisee's franchise application.

15.2.3 *Misrepresentation.* If Franchisee or Franchisee's principals make any material misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.4 *Repeated Breaches.* If Franchisor sends Franchisee three (3) or more written notices of default pursuant to Sections 15.3 or 15.4 of this Agreement in any consecutive 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.5 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential

Information.

- 15.2.6 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the public and fails to cure such violation within 24 hours of Franchisee's receipt of written notice from Franchisor; provided that, if the breach cannot reasonably be cured within such time frame, Franchisee shall take immediate steps to cure the violation and complete the cure as soon as commercially practicable.
- 15.2.7 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 17.1.
- 15.2.8 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue operations of the Franchised Business without limiting the foregoing, failure to operate the Franchised Business for seven (7) consecutive days will be deemed a abandonment of the Franchised Business.
- 15.2.9 *Unauthorized Transfer.* If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof.
- 15.2.10 *Non-Payment or Insufficient Funds.* If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's system suppliers or vendors, or if there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.
- 15.2.11 *Performing Residential Services Outside of Protected Territory.* If Franchisee performs Residential Services Franchised outside of the Protected Territory without Franchisor's prior written consent, as provided in Section 1.2 of this Agreement.
- 15.2.12 *Performing Commercial Services.* If Franchisee performs Commercial Services prior to Franchisee attending and completing the training required to perform such Commercial Services, or if Franchisee performs Commercial Services prior to Franchisee being approved by Franchisor to perform such Commercial Services.
- 15.2.13 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within forty-eight (48) hours of Franchisee's receipt of written notice of a breach under this Section.
- 15.2.14 *Profit and Loss Statements.* If Franchisee fails to submit monthly financial reports as required by Franchisor by the twenty-first (21st) of each month (or other date Franchisor may require).
- 15.3 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreements between Franchisee and Franchisor, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.
- 15.4 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this

Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

- 16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:
- 16.1.1 Immediately cease all operations under this Agreement;
 - 16.1.2 Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;
 - 16.1.3 Discontinue immediately the use of the Proprietary Marks;
 - 16.1.4 Immediately cease using the proprietary software and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;
 - 16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit A, and transfer all usernames and passwords for all Social Media Pages to Franchisor;
 - 16.1.6 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement;
 - 16.1.7 Immediately cease holding itself out as Franchisor's Franchisee;
 - 16.1.8 Immediately cease to communicate with all iFoam customers;
 - 16.1.9 Franchisee must ensure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;
 - 16.1.10 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;
 - 16.1.11 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination or expiration of this Agreement;

- 16.1.12 Cease to use in advertising or in any other manner, any methods, procedures or techniques associated with Franchisor or the System; and
 - 16.1.13 Immediately remove Franchisor's Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System;
 - 16.1.14 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16.
- 16.2 **Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

17 **COVENANTS**

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

- 17.1 **During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
- 17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through franchisees or franchisees, offers commercial or residential spray foam insulation services or related products, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") regardless of location provided that this Section 17.1.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; or
 - 17.1.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.
- 17.2 **After the Term of This Agreement.** For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:
- 17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the

Protected Territory, (b) within the Protected Territory of any other Franchised Business or any other iFoam business, or within a twenty-five (25) mile radius of the Protected Territory of any other Franchised Business, or (c) within a twenty-five (25) mile radius of any iFoam business operated by Franchisor or its affiliate, provided that this Section 17.2.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business; or

17.2.2 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

17.3 **Intent and Enforcement.** It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other iFoam franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

17.4 **No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

18 **DISPUTE RESOLUTION**

18.1 **Choice of Law.** This Agreement shall take effect upon its acceptance and execution by Franchisor. Except to the extent governed by the United States Arbitration Act (9 U.S.C. §§ 1, et. seq.) and the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. §1050 et seq.), this Agreement, the franchise and all claims arising from or in any way related to the relationship between Franchisor, and/or any Franchisor Related Party, on the one hand, and Franchisee, and/or any Franchisee Related Party, on the other hand, shall be interpreted and construed under the laws of the Commonwealth of Pennsylvania, which laws shall prevail in the event of any conflict of law, except that any law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless jurisdictional requirements are met independently without reference to this paragraph.

- 18.2 **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, prior to mediation, arbitration, or commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute. Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute pursuant to the notice provisions set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before commencing mediation, arbitration and/or litigation, including, but not limited to, the requirement to travel to our headquarters in Omaha, NE, at Franchisor's expense, for a meeting with the Chief Executive Officer and any other appropriate personnel. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.
- 18.3 **Mediation.** The parties have reached this Agreement in good faith and in belief that it is advantageous to each of them. In recognition of the enormous strain on time, unnecessary expense and wasted resources potentially associated with litigation and/or arbitration, and in the spirit of cooperation, the parties pledge to try to resolve any dispute amicably, without litigation or arbitration. Other than an action by Franchisor under Section 18.5 of this Agreement, before beginning any legal action or arbitration, the parties agree to mediate any dispute, controversy or claim between Franchisee and/or any of Franchisee's owners, affiliates, officers, directors, shareholders, guarantors, employees, or members (each a "Franchisee Related Party"), on the one hand, and Franchisor and/or any of its affiliates, officers, directors, shareholders, members, guarantors, employees, representatives, independent contractors and/or owners (each a "Franchisor Related Party"), on the other hand, including, without limitation, in connection with any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the parties' relationship; (c) events occurring prior to the entry into this Agreement; (d) the Franchised Business; or (e) any System standard, in accordance with the procedures set forth in this Section, inclusive of all subparts. Good faith participation in these procedures to the greatest extent reasonably possible, despite lack of cooperation by one or more of the other parties, is a precondition to maintain any arbitration or legal action, including any action to interpret or enforce this Agreement. The mediation shall be conducted in accordance with the following provisions:
- 18.3.1 **Initiation Procedure.** The party seeking mediation (the "Initiating Party") must commence mediation by sending the other party/parties a written notice of its request for mediation (the "Dispute Notice"). The Dispute Notice will specify, to the fullest extent possible, the nature of the dispute, the Initiating Party's version of the facts surrounding the dispute, the amount of damages, and the nature of any injunctive or other relief such party claims, and must identify one or more persons with authority to settle the dispute for the Initiating Party. The party (or parties as the case may be) receiving a Dispute Notice (the "Responding Party") will issue a written response (the "Response") to the Initiating Party within thirty (30) business days after receipt of the Dispute Notice identifying one or more persons with authority to settle the dispute on the Responding Party's behalf (the "Authorized Persons").
- 18.3.2 **Direct Negotiations.** Upon receipt of a Dispute Notice and the issuance of the Response, the parties will endeavor, in good faith, to resolve the dispute outlined in the Dispute Notice and the Response. If the parties have been unable to resolve any such dispute(s) outlined in a Dispute Notice or a response thereto within twenty (20) days after the Initiating Party's receipt of the Response, either party may initiate a mediation procedure in accordance with the American Arbitration Association ("AAA"), pursuant to its Commercial Mediation Procedures, and unless otherwise agreed by the parties in writing, will take place in Bucks

County, Pennsylvania, or the city of Franchisor's then-current corporate headquarters, as Franchisor designates.

- 18.3.3 **Selection of the Mediator; Time & Place for Mediation.** The Authorized Persons will select the mediator in accordance with the AAA procedures. In consultation with the parties, the mediator shall promptly designate a mutually acceptable time and place for the mediation.
- 18.3.4 **Exchange of Information.** If either party to this Agreement believes he, she, or it needs information in the possession of another party to this Agreement to prepare for the mediation, all parties must attempt in good faith to agree on procedures for an exchange of information, with the help of the mediator if required.
- 18.3.5 **Summary of Views.** Prior to the mediation session, each party must deliver to the mediator a concise written summary of its views on the matter in dispute and on any other matters that the mediator asks them to include. The mediator may also request that each party submit a confidential paper on relevant legal issues, which may be limited in length by the mediator, to him or her.
- 18.3.6 **Representatives.** In the mediation, each party must be represented by an Authorized Person and may be represented by counsel. In addition, each party may, with permission of the mediator, bring with him, her, or it any additional persons who are needed to respond to questions, contribute information, and participate in the negotiations.
- 18.3.7 **Conduct of Mediation.** The mediator shall advise the parties in writing of the format for the meeting or meetings. If the mediator believes it will be useful after reviewing the position papers, the mediator shall give both himself or herself and the Authorized Persons an opportunity to hear an oral presentation of each party's views on the matter in dispute. The mediator shall assist the Authorized Persons to negotiate a resolution of the matter in dispute, with or without the assistance of counsel or others. To this end, the mediator is authorized both to conduct joint meetings and to attend separate private caucuses with the parties. All mediation sessions will be strictly private. The mediator must keep confidential all information learned unless specifically authorized by the party from which the information was obtained to disclose the information to the other party. The parties commit to participate in the proceedings in good faith with the intention of resolving the dispute if at all possible.
- 18.3.8 **Termination of Procedure.** The parties agree to participate in the mediation procedure to its conclusion, as set forth in this section. The mediation may be concluded (1) by the signing of a settlement agreement by the parties, (2) by the mediator's declaration that the mediation is terminated, or (3) by a written declaration of either party, no earlier than at the conclusion of a full day's mediation, that the mediation is terminated. Even if the mediation is terminated without resolving the dispute, the parties agree not to terminate negotiations and not to begin any arbitration or legal action or seek another remedy before the expiration of five (5) days following the mediation. A party may begin arbitration within this period only if the arbitration might otherwise be barred by an applicable statute of limitations or in order to request an injunction from a Court of competent jurisdiction to prevent irreparable harm.
- 18.3.9 **Fees of Mediator; Disqualification.** The fees and expenses of the mediator must be shared equally by the parties. The mediator may not later serve as a witness, consultant, expert or

counsel for any party with respect to the dispute or any related or similar matter in which either of the parties is involved.

18.3.10 **Confidentiality.** The mediation procedure is a compromise negotiation or settlement discussion for purposes of federal and state rules of evidence. The parties agree that no stenographic, visual or audio record of the proceedings may be made. Any conduct, statement, promise, offer, view or opinion, whether oral or written, made in the course of the mediation by the parties, their agents or employees, or the mediator is confidential and shall be treated as privileged. No conduct, statement, promise, offer, view or opinion made in the mediation procedure is discoverable or admissible in evidence for any purpose, not even impeachment, in any proceeding involving either of the parties. However, evidence that would otherwise be discoverable or admissible will not be excluded from discovery or made inadmissible simply because of its use in the mediation.

18.4 **Arbitration.** Except as provided in Article 18.5, and if not resolved by the negotiation and mediation procedures described under Section 18.3 above, any dispute, controversy or claim between Franchisee and/or a Franchisee Related Party, on the one hand, and Franchisor and/or any Franchisor Related Party, on the other hand, including, without limitation, any dispute, controversy or claim arising under, out of, in connection with or in relation to: (a) this Agreement; (b) the relationship of the parties; (c) the events leading up to the entry into this Agreement; (d) the Franchised Business; (e) any System Standard; (f) any claim based in tort or any theory of negligence; (g) or the scope of validity of the arbitration obligation under this Article; shall be determined in Bucks County, Pennsylvania by the AAA. The arbitration will be administered by the AAA pursuant to its Commercial Arbitration Rules then in effect by one arbitrator. The arbitrator shall be an attorney with substantial experience in franchise law. If proper notice of any hearing has been given, the arbitrator will have full power to proceed to take evidence or to perform any other acts necessary to arbitrate the matter in the absence of any party who fails to appear. The arbitration shall be conducted in accordance with the following provisions:

18.4.1 In connection with any arbitration proceeding, each party will submit or file any claim which would constitute a compulsory counterclaim (as defined by the then- current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim which is not submitted or filed in such proceeding will be forever barred.

18.4.2 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, collective action, associational action, or otherwise to join or consolidate any claim with any claim or any other proceeding involving third parties. If a court or arbitrator determines that this limitation on joinder of, or class action certification of, claims is unenforceable, then the agreement to arbitrate the dispute will be null and void and the parties must submit all claims to the jurisdiction of the courts, in accordance with Article 18. The arbitration must take place in Bucks County, Pennsylvania, or where Franchisor's then-current office, as Franchisor designates.

18.4.3 The arbitrator must follow the law and not disregard the terms of this Agreement. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or Franchisor. The arbitrator may not under any circumstance (a) stay the effectiveness of any pending termination of this Agreement, (b) assess punitive or exemplary damages, (c) certify a class, collective, or a consolidated action, or (d) make any award which extends, modifies or suspends any lawful term of this Agreement or any

reasonable standard of business performance that we set. The arbitrator will have the right to make a determination as to any procedural matters as would a court of competent jurisdiction be permitted to make in the state in which the main office of Franchisor is located. The arbitrator will also decide any factual, procedural, or legal questions relating in any way to the dispute between the parties, including, but not limited to: any decision as to whether Article 18 is applicable and enforceable as against the parties, subject matter, timeliness, scope, remedies, unconscionability, and any alleged fraud in the inducement.

- 18.4.4 The arbitrator can issue summary orders disposing of all or part of a claim and provide for temporary restraining orders, preliminary injunctions, injunctions, attachments, claim and delivery proceedings, temporary protective orders, receiverships, and other equitable and/or interim/final relief. Each party consents to the enforcement of such orders, injunctions, etc., by any court having jurisdiction.
 - 18.4.5 The arbitrator will have subpoena powers limited only by the laws of the Commonwealth of Pennsylvania.
 - 18.4.6 The parties ask that the arbitrator limit discovery to the greatest extent possible consistent with basic fairness in order to minimize the time and expense of arbitration. The parties to the dispute will otherwise have the same discovery rights as are available in civil actions under the laws of the state of Pennsylvania.
 - 18.4.7 All other procedural matters will be determined by applying the statutory, common laws, and rules of procedure that control a court of competent jurisdiction in the Commonwealth of Pennsylvania.
 - 18.4.8 Other than as may be required by law, the entire arbitration proceedings (including, but not limited to, any rulings, decisions or orders of the arbitrator), will remain confidential and will not be disclosed to anyone other than the parties to this Agreement.
 - 18.4.9 The judgment of the arbitrator on any preliminary or final arbitration award will be final and binding and may be entered in any court having jurisdiction.
 - 18.4.10 Franchisor reserves the right, but has no obligation, to advance Franchisee's share of the costs of any arbitration proceeding in order for such arbitration proceeding to take place and by doing so will not be deemed to have waived or relinquished Franchisor's right to seek recovery of those costs against Franchisee.
- 18.5 **Exceptions to Arbitration and Mediation.** Notwithstanding the provisions of Sections 18.3 or 18.4 of this Agreement, Franchisor shall be entitled, without bond, to the entry of temporary, preliminary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement in any court of competent jurisdiction relating to: (a) Franchisee, and/or any Franchisee Related Party's use of the Marks; (b) the covenants under Article 5 and/or Article 17 of this Agreement, including Franchisee's covenants not to compete and confidentiality covenants; (c) Franchisee's obligations upon termination or expiration of the franchise; and/or (d) transfer or assignment of Franchisee or of the Franchised Business. If Franchisor secures any such injunction or order of specific performance, Franchisee agrees to pay to Franchisor an amount equal to the aggregate of Franchisor's costs of obtaining such relief, including, without limitation, reasonable attorneys' fees, costs of investigation and proof of facts, court costs, other litigation expenses, travel and living expenses and any damages incurred by Franchisor as a result of the breach of any such provision. Further, at the election of Franchisor,

or its affiliate, the mediation and arbitration provisions of Sections 18.3 and 18.4, inclusive of all subparts, shall not apply to any of the following "Excluded Claims":

- 18.5.1 any claim by Franchisor relating to Franchisee's failure to pay any fee due to Franchisor under this Agreement; and/or
 - 18.5.2 any claim by Franchisor relating to Franchisee's failure to comply with any of the covenants set forth in Article 5 and/or Article 17 of this Agreement; and/or
 - 18.5.3 any claim by Franchisor or its affiliate relating to use of the Proprietary Marks and/or the System, including, without limitation, claims for violations of the Lanham Act; and/or
 - 18.5.4 any claim by Franchisor or a Franchisor Related Party for indemnification.
- 18.6 **Selection of Venue.** In the event the arbitration clause set forth in Section 18.4 of this Agreement is inapplicable or unenforceable, and subject to Franchisor's right to obtain injunctive relief in any court of competent jurisdiction, the following provision shall govern: The parties hereby expressly agree that the United States District Court for the Eastern District of Pennsylvania, or if such court lacks subject matter jurisdiction, the State Court in Bucks County, Pennsylvania, shall be the exclusive venue and exclusive proper forum in which to adjudicate any case or controversy arising out of or related to, either directly or indirectly, this Agreement, ancillary agreements, or the business relationship between the parties. The parties further agree that, in the event of such litigation, they will not contest or challenge the jurisdiction or venue of these courts. Franchisee acknowledges that this Agreement has been entered into in the Commonwealth of Pennsylvania and that Franchisee is to receive valuable and continuing services emanating from Franchisor, a Pennsylvania limited liability company. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of the Commonwealth of Pennsylvania as set forth in this Section. Without limiting the generality of the foregoing, the parties waive all questions of jurisdiction or venue for the purposes of carrying out this provision.
- 18.7 **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation and arbitration provisions set forth in this Section 18, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by Franchisee and/or any Franchisee Related Party.
- 18.8 **Prior Notice of Claims.** Franchisee recognizes the substantial time, resources and effort associated with Franchisor's administration of the franchise System. Franchisee further recognizes the financial and administrative drain associated with arbitrating and/or litigating disputes. In light of this recognition, and the importance of working through issues and disputes when they first arise, Franchisee agrees to promptly notify Franchisor of any and all concerns and/or claims Franchisee may have arising out of or related to this Agreement and/or the entry into this Agreement. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
- 18.9 **No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee

under this Agreement or any related agreements.

- 18.10 **Injunctive Relief.** Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. Without limiting the foregoing, nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.
- 18.11 **Limitation of Action.** Franchisee further agrees that no cause of action arising out of, related to, or under this Agreement may be maintained by Franchisee or any Franchisee Related Party against Franchisor and/or any Franchisor Related Party unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based, or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.
- 18.11.1 Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, arbitration, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.
- 18.11.2 Notwithstanding anything to the contrary contained herein, all actions shall be conducted on an individual, not a class-wide or collective basis, and any proceeding between Franchisee, Franchisee's guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.
- 18.12 **Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.
- 18.13 **Liquidated Damages.** Franchisor and Franchisee agree that if this Agreement is terminated as a result of Franchisee's default before the expiration of the Term, it would be impossible to calculate with reasonable precision the losses that would be incurred by Franchisor because of

the unpredictability of future business conditions, inflationary prices, the impact on Franchisor's reputation from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the monthly Franchise Fee multiplied by twenty-four (24) full calendar months. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies.

- 18.14 **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

19 REPRESENTATIONS

- 19.1 **Proprietary Software.** Any proprietary software provided by Franchisor, or an affiliate is on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for any proprietary software, or covenant that the proprietary software will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the software or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE PROPRIETARY SOFTWARE, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE PROPRIETARY SOFTWARE, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

- 19.2 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND

Express or a similar overnight courier shall be presumptive evidence of delivery of the notice or request.

21 **MISCELLANEOUS**

- 21.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.
- 21.2 **Construction of Language.** The language of this Agreement shall 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 Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members, and managers, as applicable. Reference to Franchisee's "principals" means Franchisee's partners, officers, directors, shareholders, members, and managers, as applicable. References to "Franchisor" and "Franchisee" include the party's successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.
- 21.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.
- 21.4 **Additional Documentation.** Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.
- 21.5 **Force Majeure.** Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, pandemics or other national health crisis or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such

delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

21.6 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee’s owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee’s owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor’s efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee’s property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and Franchisee’s owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee’s indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee’s obligations under this Agreement. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee’s owners, principals or employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor’s affiliates in accordance with the terms of Section 15.2.1 of this Agreement. As used herein, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

21.7 **Attorneys’ Fees.** If either party is in breach or default of any monetary or non-monetary obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor’s affiliates, and the non-breaching party engages an attorney to enforce their rights (whether or not formal judicial proceedings are initiated), the breaching party must pay all reasonable attorneys’ fees, court costs and litigation expenses the non-breaching party incurs. If either party initiates any legal action to interpret or enforce the terms of this Agreement, and the initiating party’s claim in such action is denied or the action is dismissed, the non-initiating party is entitled to recover reasonable attorneys’ fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

22 **ACKNOWLEDGMENTS**

22.1 **Independent Investigation.** Franchisee acknowledges that Franchisee has conducted an independent investigation of Franchisor, the System and the Franchised Business contemplated by this Agreement and recognizes that it involves business risks which make the success of the venture largely dependent upon Franchisee’s business abilities and efforts. Franchisee acknowledges that Franchisor first began offering franchise opportunities in 2023, and that the

System is a newly emerging franchise system with limited operating history. Franchisee acknowledges that Franchisee has been encouraged to and has been given the opportunity to conduct its own due diligence and to clarify any provision of this Agreement that Franchisee may not have initially understood. Franchisee further acknowledges that Franchisor has advised Franchisee of the importance and significance of having this Agreement reviewed by an attorney with experience in franchise law. Franchisee acknowledges that Franchisee has reviewed and understands their rights, duties, and obligations under this Agreement.

- 22.2 **No Guarantee of Earnings.** Franchisee acknowledges that Franchisor and any of Franchisor's representatives and/or agents or brokers, with whom Franchisee has met have not made and are not making any guarantees as to the extent of Franchisee's success in Franchisee's Franchised Business and have not and are not in any way representing or promising any specific amounts of earnings or profits in association with Franchisee's Franchised Business. Franchisee further acknowledges that the Item 19 financial performance disclosure contained in Item 19 of Franchisor's Franchise Disclosure Document is not a representation of what Franchisee can expect to achieve in connection with the operation of the Franchised Business.
- 22.3 **Receipt of Franchise Disclosure Document.** Franchisee acknowledges that this Agreement and Franchisor's Franchise Disclosure Document have been in Franchisee's possession for at least fourteen (14) calendar days before Franchisee signed this Agreement or paid any monies to Franchisor or an affiliate and that any material changes to this Agreement were in writing in this Agreement for at least seven (7) calendar days before Franchisee signed this Agreement.
- 22.4 **Dispute Resolution.** Franchisee acknowledges that the sole entity or person against whom Franchisee may bring a claim under this Agreement is HPB Foam LLC, and that all disputes or claims that Franchisee may have arising out of, or relating to, this Agreement must be mediated and arbitrated in Bucks County, Pennsylvania. Franchisee further acknowledges that this Agreement limits that amount and type of damages that Franchisee can recover, and that Franchisee is not entitled to any punitive, consequential, or other special damages.
- 22.5 **Initial Training.** Franchisee acknowledges that all persons whose name appears in this Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business. Franchisee further acknowledges that if all persons whose name appears in this Agreement do not successfully complete the applicable training program(s) to our Franchisor's satisfaction, Franchisor may terminate this Agreement.
- 22.6 **Reservation of Rights.** Franchisee acknowledges that the Protected Territory Franchisee is granted under this Agreement is limited and that Franchisor reserves certain rights to engage in certain activities in Franchisee's Protected Territory. Franchisee further acknowledges that Franchisor and Franchisor's affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks and other marks, at any location outside Franchisee's Protected Territory, regardless of how close these activities are to Franchisee's Protected Territory.
- 22.7 **Financial Representations.** Franchisee acknowledges that no broker, employee, or other person speaking on Franchisor's behalf has made any statement, promise, or agreement, other than those matters presented in Franchisor's Franchise Disclosure Document and this Agreement, concerning: (i) the costs involved in the operation of the Franchised Business; (ii) the actual, average, or projected profits or earnings; (iii) the likelihood of success; (iv) the amount of money you may earn; or (v) the total amount of revenue the Franchised Business will generate.

- 22.8 **Third-Party Statements; No Payments Solicited.** Franchisee acknowledges that no broker, employee or other person speaking on behalf of Franchisor has made any statement, promise, or agreement, other than those matters addressed in this Agreement and Franchisor's Franchise Disclosure Document, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document. Franchisee further acknowledges that no broker, employee or other person providing services to you on behalf of Franchisor has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in this Agreement and the Disclosure Document.
- 22.9 **Employment Matters.** Franchisee acknowledges that Franchisee will control and is entirely responsible for all employment related matters in connection with the operation of the Franchised Business and that Franchisor is not responsible for, and does not control, directly or indirectly, Franchisee's employment practices or Franchisee's employees.
- 22.10 **No Personal Liability.** Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. This is an important part of this Agreement.
- 22.11 **No Representations.** Franchisee agrees that nothing that Franchisee believes Franchisee has been told by Franchisor, Franchisor's representatives, brokers, or any other person speaking on Franchisor's behalf shall be binding unless it is written in this Agreement, including, but not limited to: (i) the costs involved in the operation of the Franchised Business; (ii) the actual, average, or projected profits or earnings; (iii) the likelihood of success; (iv) the amount of money you may earn; (v) the total amount of revenue the Franchised Business will generate; (vi) advertising and marketing, or marketing penetration; (vii) media support; or (viii) training, support service or assistance. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

Signatures appear on following page.

IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.

FRANCHISOR

HPB FOAM LLC

By: _____
Anthony Coleman, Vice President

FRANCHISEE

FRANCHISEE, individually

EXHIBIT A
to
HPB FOAM LLC
FRANCHISE AGREEMENT

CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS, FACSIMILE NUMBERS AND DOMAIN NAMES

1. _____, doing business as an iFoam franchisee _____ (“Assignor”), in exchange for valuable consideration provided by HPB Foam LLC (“Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business at Assignor's above-referenced address (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s):

Facsimile Number(s):

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

ASSIGNOR:

By: _____

Date: _____

Name: _____

Title: _____

ASSIGNEE:

HPB FOAM LLC

By: _____

Date: _____

Name: _____

Title: _____

EXHIBIT B
to
HPB FOAM LLC
FRANCHISE AGREEMENT

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, _____ (“Franchisee”) hereby authorizes HPB Foam LLC (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: _____: all Royalty fees; and all other fees due and owing to the Company, or to which the Company has rights to, under the Franchise Agreement, electronically or otherwise. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a weekly and/or monthly basis, or on such other schedule as Company shall specify in writing. If necessary, Company is also authorized to deposit the Gross Revenues of Franchisee’s Franchised Business, less all amounts due under the Franchise Agreement, into the above-referenced account, electronically or otherwise. Such deposits shall occur as needed or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

AGREED:

FRANCHISOR

FRANCHISEE

HPB FOAM LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT D
to
HPB FOAM LLC
FRANCHISE AGREEMENT

PROTECTED TERRITORY MAP

Protected Territory ____ Map Attached

EXHIBIT E
to
HPB FOAM LLC
FRANCHISE AGREEMENT

MULTI-UNIT ADDENDUM

THIS MULTI-UNIT ADDENDUM (the “Addendum”) is made and entered into this ____ day of MONTH, 2026, by and between HPB Foam LLC, a Pennsylvania limited liability company with an address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 (“Franchisor”), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet (“Franchisee”).

BACKGROUND

- A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor have entered into those certain _____ franchise agreements (collectively, the “Applicable Franchise Agreements”) pursuant to which Franchisee obtained the right and undertook the obligation to operate iFoam franchised businesses within the territories defined therein (each a “Franchised Business”).
- B. Each Franchised Business will operate within a designated protected territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the “Protected Territories”).
- C. Franchisor expects that Franchisee will operate the Franchised Business from a single Approved Location using the same vehicles, supplies, equipment and inventory as required by Franchisor.
- D. The parties now wish to amend certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. **Initial Training Program.** Franchisee is only required to attend and complete Franchisor’s Initial Training Program described more fully in Section 8.1 of the Applicable Franchise Agreements, respectively, once in connection with the Franchised Businesses governed by this Addendum. All other provisions regarding Franchisee’s training obligations in the Applicable Franchise Agreements are hereby ratified and confirmed.
2. **Opening Package.** Notwithstanding anything contained in Section 3.6 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Opening Package under each Applicable Franchise Agreement. Franchisee shall pay a single Opening Package regardless of the number of Applicable Franchise Agreements executed.
3. **Brand Marketing Fee.** Notwithstanding anything contained in Section 3.7 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Marketing Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Marketing Fee regardless of the number of Applicable Franchise Agreements executed.

4. **ZeePartnerships Fee.** Notwithstanding anything contained in Section 3.8 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate ZeePartnerships Fee under each Applicable Franchise Agreement. Franchisee shall pay a single ZeePartnerships Fee regardless of the number of Applicable Franchise Agreements executed.

5. **Approved Location.** Notwithstanding anything contained in Section 1.4 of the Applicable Franchise Agreements, Franchisee shall only be required to have one physical location that satisfies Franchisee's Approved Location requirement, if, and only if, Franchisee's Territories are contiguous.

6. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements.** In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.3 of the Applicable Franchise Agreements. If Franchisee fails to cure such breaches within the prescribed period, Franchisor may, at its option, terminate one or more of the Applicable Franchise Agreements immediately upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

7. **Ratification and Confirmation of the Applicable Franchise Agreements.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution and venue, which will also apply to any claims or disputes arising out of or related to this Addendum. All capitalized terms not specifically defined in this Addendum will be afforded the definition given to them in the Applicable Franchise Agreements.

8. **Entire Agreement.** The Applicable Franchise Agreements and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of any Applicable Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. This Addendum constitutes an amendment to all Applicable Franchise Agreements. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

Signatures appear on following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

FRANCHISOR:

HPB FOAM LLC

By: _____
Anthony Coleman, Vice President

Date: _____

FRANCHISEE:

FRANCHISEE, individually

Date: _____

EXHIBIT F
to
HPB FOAM LLC
FRANCHISE AGREEMENT
STATE SPECIFIC ADDENDA

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES 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 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 THAT 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, the following applies 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 that is 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 ten years 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 a 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; this proviso intends 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS
REQUIRED BY THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting,

restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____, 20____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT AND FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq.*, and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq.* To the extent that the franchise disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The following is added to Item 3 of the disclosure document:

Neither HPB Foam LLC, nor any person identified in Item 2 of the disclosure document, is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 17 of the disclosure document is supplemented by the following:

California Business and Professions Code, Sections 20000 through 20043, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchisee. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Agreement. This provision may not be enforceable under California law.

Certain liquidated damages clauses are unenforceable under California Civil Code Section 1671.

The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Franchise Agreement requires binding arbitration. The arbitration will take place in Bucks, County, PA, with each party bearing its own costs, unless rules for special hearings require otherwise. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

Corporations Code 31512 provides that: “Any conditions, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The Franchise Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

Our Website can be found at www.ifoam.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 CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE
DISCLOSURE QUESTIONNAIRE AND CERTIFICATION,
AND RELATED AGREEMENTS
REQUIRED BY THE STATE OF MARYLAND**

This Addenda is an amendment to the Disclosure Document and Franchise Agreement. The following modifications are made to the Disclosure Document and the Franchise Agreement:

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchisee Disclosure Questionnaire and Certification attached as Exhibit J to the Franchise Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees. The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17v of the Disclosure Document and Section 18.6 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the minimum extent required by Maryland law.

Item 5 of the Disclosure Document and Section 3 of the Franchise Agreements are amended as follows: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Franchisee Initial/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.

Section 3.1 is amended as follows: Based on our financial statements and our duties to furnish goods and services, the Minnesota Department of Commerce requires that we defer all initial

franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

HPB Foam LLC

Franchisee:

By: _____

By: _____

Title: _____

Title: _____

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB Foam LLC Franchise Agreement.

1. Section 2.2.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.
2. Section 3.1 is amended as follows:

Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

3. Section 17.2 of the Franchise Agreement is hereby amended to add the following language:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. Section 18.1 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.

5. Section 18.2 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19- 09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

6. Section 18.3 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring a franchisee to agree that arbitration or mediation disputes are to be held in Nebraska has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is hereby amended to provide that the site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

7. Section 18.4 of the Franchise Agreement is hereby amended to add the following language:

Any provision which designates jurisdiction or venue or requires the franchisee to agree to

jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

8. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.
9. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.
10. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.
11. Section 16.4 is hereby deleted in its entirety.
12. Section 22.8 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to pay all costs and expenses incurred by the franchisor in enforcing the Franchise Agreement is unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. This provision is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Agreement and the Multi-Unit Agreement.

In conformance with Section 4 of the Illinois Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place out of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The following risk factor is added:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

Item 5 of Franchise Disclosure Document—*Initial Franchise Fee*, and Section 3.1 of the Franchise Agreement—**Initial Franchise Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF INDIANA**

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

Section 18.11 of the Franchise Agreement is hereby amended to provide that the statute of limitations provision under Indiana Deceptive Franchise Practices Act, IC 23-2-2.7-7 Limitations of Actions, shall apply.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MAINE**

NOTICE

1. As required by Maine law, we have secured a bond in the amount of \$30,000 issued by SureTec Insurance Company, 2103 City West Boulevard, Suite 1300, Houston, Texas 77042. Before signing a contract to purchase a business opportunity, you should check with the surety company to determine the current status of the bond.

2. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH CAROLINA**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT AND
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HPB Foam LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

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 ground for default for termination state 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.

Section 3 of the Franchise Agreement is amended as follows:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA**

The Franchise Disclosure Document for HPB Foam LLC shall be amended by the addition of the following language:

Section 3 is amended by the following:

Based on our financial statements and our duties to furnish goods and services, the South Dakota Securities Regulation Office requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Franchisee Initials/Date

Franchisor's Initials/Date

Exhibit C
to
HPB Foam LLC
Franchise Disclosure Document

Multi-Unit Addendum

MULTI-UNIT ADDENDUM

THIS MULTI-UNIT ADDENDUM (the “Addendum”) is made and entered into this ____ day of MONTH, 2025, by and between HPB Foam LLC, a Pennsylvania limited liability company with an address at 2525 N. 117th Avenue, Omaha, Nebraska 68164 (“Franchisor”), and _____, an individual with an address at _____, which is identified more fully in the attached Data Sheet (“Franchisee”).

BACKGROUND

- A. Contemporaneous with the execution of this Addendum, Franchisee and Franchisor have entered into those certain _____ franchise agreements (collectively, the “Applicable Franchise Agreements”) pursuant to which Franchisee obtained the right and undertook the obligation to operate iFoam franchised businesses within the territories defined therein (each a “Franchised Business”).
- B. Each Franchised Business will operate within a designated protected territory wherein Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the “Protected Territories”).
- C. Franchisor expects that Franchisee will operate the Franchised Business from a single Approved Location using the same vehicles, supplies, equipment and inventory as required by Franchisor.
- D. The parties now wish to amend certain provisions of the Applicable Franchise Agreements pursuant to the terms and conditions set forth in this Addendum.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

- 1. **Initial Training Program.** Franchisee is only required to attend and complete Franchisor’s Initial Training Program described more fully in Section 8.1 of the Applicable Franchise Agreements, respectively, once in connection with the Franchised Businesses governed by this Addendum. All other provisions regarding Franchisee’s training obligations in the Applicable Franchise Agreements are hereby ratified and confirmed.
- 2. **Opening Package.** Notwithstanding anything contained in Section 3.4 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Opening Package under each Applicable Franchise Agreement. Franchisee shall pay a single Opening Package regardless of the number of Applicable Franchise Agreements executed.
- 3. **Brand Marketing Fee.** Notwithstanding anything contained in Section 3.5 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate Brand Marketing Fee under each Applicable Franchise Agreement. Franchisee shall pay a single Brand Marketing Fee regardless of the number of Applicable Franchise Agreements executed.
- 4. **ZeePartnerships Fee.** Notwithstanding anything contained in Section 3.6 of the Applicable Franchise Agreements, Franchisee will not be required to purchase a separate ZeePartnerships Fee under each Applicable Franchise Agreement. Franchisee shall pay a single ZeePartnerships Fee regardless of the number of Applicable Franchise Agreements executed.

5. **Approved Location.** Notwithstanding anything contained in Section 1.4 of the Applicable Franchise Agreements, Franchisee shall only be required to have one physical location that satisfies Franchisee's Approved Location requirement, if, and only if, Franchisee's Territories are contiguous.

6. **Default of Addendum Constitutes Default Under All Applicable Franchise Agreements.** In the event Franchisee breaches any of the provisions of this Addendum, such breach will constitute a material default of all Applicable Franchise Agreements and must be cured within 30 days from Franchisee's receipt of Franchisor's written notice of such breach as set forth in Section 15.3 of the Applicable Franchise Agreements. If Franchisee fails to cure such breaches within the prescribed period, Franchisor may, at its option, terminate one or more of the Applicable Franchise Agreements immediately upon providing written notice, or otherwise terminate Franchisee's Protected Territories.

7. **Ratification and Confirmation of the Applicable Franchise Agreements.** Except as amended by this Addendum, any and all other terms and conditions set forth in the Applicable Franchise Agreements are hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution and venue, which will also apply to any claims or disputes arising out of or related to this Addendum. All capitalized terms not specifically defined in this Addendum will be afforded the definition given to them in the Applicable Franchise Agreements.

8. **Entire Agreement.** The Applicable Franchise Agreements and this Addendum constitute the entire, full, and complete agreement between the parties concerning the subject matter set forth herein and supersede any and all prior agreements. In the event of a conflict between the terms of any Applicable Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control. This Addendum constitutes an amendment to all Applicable Franchise Agreements. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the representations made in the franchise disclosure document.

Signatures appear on following page.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Addendum the date and year first written above.

FRANCHISOR: HPB FOAM LLC By: _____ Anthony Coleman, Vice President	Date: _____
_____ FRANCHISEE, individually	Date: _____ -

**Exhibit D
to
HPB Foam LLC
Franchise Disclosure Document**

State Specific Addenda

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT &
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

The California Department of Financial Protection and Innovation requires that certain provisions contained in franchise documents be amended to be consistent with California law, including the California Franchise Investment Law, CAL. CORP. CODE Section 31000 *et seq.*, and the California Franchise Relations Act, CAL. BUS. & PROF. CODE Section 20000 *et seq.* To the extent that the franchise disclosure document and/or Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

The following is added to Item 3 of the disclosure document:

Neither HPB FOAM LLC, nor any person identified in Item 2 of the disclosure document, is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A., 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

Item 17 of the disclosure document is supplemented by the following:

California Business and Professions Code, Sections 20000 through 20043, provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

You must sign a release if you renew or transfer your franchisee. California Corporations Code voids a waiver of your rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).

The Franchise Agreement contains a covenant not to compete that extends beyond the expiration or termination of the Agreement. This provision may not be enforceable under California law.

Certain liquidated damages clauses are unenforceable under California Civil Code Section 1671.

The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 *et seq.*).

The Franchise Agreement requires binding arbitration. The arbitration will take place in Bucks, County, PA, with each party bearing its own costs, unless rules for special hearings require otherwise. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the state of California.

Corporations Code 31512 provides that: “Any conditions, stipulation, or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of this law or any rule or order hereunder is void.” The Franchise Agreement requires a shortened statute of limitations period. Pursuant to Corporations Code Section 31512, this provision is void, to the extent that it is inconsistent with the provisions of Corporations Code Sections 31303 and 31304.

No statement, questionnaire, or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including, fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor.

Our Website can be found at www.ifoam.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 CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE TO YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

REGISTRATION OF THIS DISCLOSURE DOCUMENT DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE COMMISSIONER.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT,
FRANCHISE AGREEMENT AND MULTI-UNIT AGREEMENT
REQUIRED BY THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Agreement and the Multi-Unit Agreement.

In conformance with Section 4 of the Illinois Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place out of Illinois.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

The following risk factor is added:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

Item 5 of Franchise Disclosure Document—*Territory Fee*, and Section 3.1 of the Franchise Agreement—**Territory Fee**, are amended as follows:

Based on Franchisor's financial statements and Franchisor's duty to furnish goods and services, the Illinois Attorney General's Office requires that Franchisor defer all initial franchise fees and Territory Fees until Franchisor has fulfilled all of Franchisor's pre-opening obligations to Franchisee under the Franchise Agreement and the Franchisee has commenced doing business pursuant to the Franchise Agreement. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF INDIANA**

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or Nebraska law if such provisions are in conflict with Indiana law.

Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchisee to agree to jurisdiction or venue, in a forum outside of Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MAINE**

NOTICE

1. Pursuant to Maine statute you have the right to avoid the contract for purchase of this business opportunity within 3 business days following the signing of the contract. You should obtain and study a copy of the law regulating the sale of business opportunities before you attempt to avoid the contract. This law is found in the Maine Revised Statutes, Title 32, section 4698.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, FRANCHISE
DISCLOSURE QUESTIONNAIRE AND CERTIFICATION,
AND RELATED AGREEMENTS
REQUIRED BY THE STATE OF MARYLAND**

This Addenda is an amendment to the Disclosure Document and Franchise Agreement. The following modifications are made to the Disclosure Document and the Franchise Agreement:

Item 17 of the Disclosure Document and any provision in the Franchise Agreement providing for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Item 17 of the Disclosure Document and sections of the Franchise Agreement requiring that you sign a general release as a condition of renewal, sale and assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchisee Disclosure Questionnaire and Certification attached as Exhibit J to the Franchise Disclosure Document does not apply to Maryland franchisees and should not be signed by Maryland franchisees.

The Franchise Agreement is revised to state that any claims under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Item 17 of the Disclosure Document and any provisions of the Franchise Agreement requiring you to file any lawsuit in a court outside the State of Maryland may not be enforceable under the Maryland Franchise Registration and Disclosure Law. Item 17v of the Disclosure Document and Section 18.6 of the Franchise Agreement are amended to state that you may sue in Maryland for claims under the Maryland Franchise Registration and Disclosure Law, to the minimum extent required by Maryland law.

Item 5 of the Disclosure Document and Section 3 of the Franchise Agreements are amended as follows: Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

Section 19 of the Franchise Agreement is hereby removed in its entirety.

Section 22 of the Franchise Agreement is hereby removed in its entirety.

ACKNOWLEDGMENT:

It is agreed that the foregoing state law addendum supersedes any inconsistent portion of the Franchise Agreement dated the ____ day of _____, 20__, and of the Franchise Disclosure Document, but only to the extent they are then valid requirements of an applicable and enforceable state law, and for only so long as the state law remains in effect.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MINNESOTA**

The Franchise Agreement is specifically amended as follows:

In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et seq., the parties to the attached Franchise Agreement (“Agreement”) agree as follows:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

As required by Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), Franchisor will reimburse Franchisee for any costs incurred by Franchisee in the defense of Franchisee’s right to use the Marks, so long as Franchisee was using the Marks in the manner authorized by Franchisor, and so long as Franchisor is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non- renewal of the Agreement.

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Section 80C.22.

The franchisee cannot consent to franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. *See* Minn. Rule 2860.4400J. A court will determine if a bond is required.

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Any claims brought pursuant to the Minnesota Franchises Act, § 80.C.01 et seq. must be brought within 3 years after the cause of action accrues. To the extent that any provision of the Franchise Agreement imposes a different limitations period, the provision of the Act shall control.

Section 3.1 is amended as follows: Based on our financial statements and our duties to furnish goods and services, the Minnesota Department of Commerce requires that we defer all initial franchise fees and Territory Fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Agreement imposes a different service charge, Minnesota Statute 604.113 shall control.

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, understands and consents to be bound by all of its terms.

HPB Foam LLC

Franchisee:

Franchisor

Franchisee

Title

Title

**ADDENDUM, TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MINNESOTA**

In accordance with the requirements of the state of Minnesota the following disclosure should be read in conjunction with the Disclosure Document. Any inconsistency with the information contained in the Disclosure Document will be resolved in favor of this Minnesota Addendum.

1. Item 5 **Territory Fee** is amended as follows:

Based on our financial statements and our duties to furnish goods and services, the Minnesota Department of Commerce requires that we defer all initial franchise fees and Territory Fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

2. Item 13 **Trademarks** is amended by adding the following:

As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any of your costs incurred in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and are given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

3. Item 17 **Renewal, Termination, Transfer and Dispute Resolution** is amended by adding the following:

- A. **Renewal and Termination**

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Agreement.

- B. **Choice of Forum**

Nothing in the Disclosure Document or Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

- C. **Releases**

A general release shall not relieve any person from liability imposed by the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.22.

Any checks that are dishonored due to insufficient funds are governed by Minnesota Statute 604.113, which limits the service charge imposed on the payee of the dishonored check to a \$30 service charge. To the extent that any provision of the Franchise Disclosure Document imposes a different service charge, Minnesota Statute 604.113 shall control.

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 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 Disclosure Document, together with a copy of all proposed agreements relating to the franchise. This Disclosure Document contains a summary only of certain material provisions of the Franchise Agreement. The contract or agreement should be referred to for an understanding of all rights and obligations of both the franchisor and the franchisee.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NEW YORK**

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES 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 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 THAT 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, the following applies 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 that is 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 ten years 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 a 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; this proviso intends 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 a 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH CAROLINA**

The State of North Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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.

**ADDENDUM TO HPB FOAM
LLC FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes or supplements, as the case maybe, the corresponding disclosures in the main body of the text of the HPB Foam LLC Franchise Agreement.

1. Section 2.2.5 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to sign a general release upon renewal of a franchise agreement is deleted in its entirety.

2. Section 3.1 is amended as follows:

Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees and Territory Fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

3. Section 17.2 of the Franchise Agreement is hereby amended to add the following language: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. Section 18.1 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void. These provisions are hereby amended to provide that the Franchise Agreement is to be construed according to the laws of North Dakota.

5. Section 18.2 of the Franchise Agreement is hereby amended to add the following language:

Any provision requiring a franchisee to agree to mediation or courts outside of North Dakota has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. These provisions are amended to provide the site of mediation or litigation must be agreeable to all parties and may not be remote from the franchisee’s place of business.

6. Section 18.4 of the Franchise Agreement is hereby amended to add the following language:

Any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

7. Section 18.9 of the Franchise Agreement is hereby amended to provide that the statute of limitations under North Dakota law will apply.

8. Section 18.10 of the Franchise Agreement are hereby amended to provide that any provision requiring a franchisee to consent to a waiver of exemplary and punitive damages is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

9. Section 18.11 of the Franchise Agreement is hereby amended to provide that any provision requiring a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law and is void.

10. Section 16.2 is hereby deleted in its entirety.

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.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH DAKOTA**

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code, §§ 51-19-01 through 51-19-17, and the policies of the office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for HPB Foam LLC shall be amended by the addition of the following language:

1. Item 5 is amended by the following:

Based on our financial statements and our duties to furnish goods and services, the North Dakota Securities Commissioner requires that we defer all initial franchise fees and Territory Fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

2. Item 17: The North Dakota Securities Commissioner has held the following to be unfair, unjust, or inequitable to North Dakota franchisees (Section 51-19-09, North Dakota Century Code (“N.D.C.C.”)):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06 N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise agreements providing that the parties must agree to mediate or arbitrate disputes at a location that is remote from the site of the franchisee's business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise agreements which specify that any claims arising under the North Dakota franchise law will be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary and Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Requiring North Dakota franchisees to execute a general release of claims as a condition of renewal or transfer of a franchise.

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.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH CAROLINA**

The State of South Carolina has not reviewed and does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the State. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

If the seller fails to deliver the product, equipment or supplies necessary to begin substantial operation of the business within forty-five (45) days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF SOUTH DAKOTA**

The Franchise Disclosure Document for HPB Foam LLC shall be amended by the addition of the following language:

Item 5 is amended by the following:

Based on our financial statements and our duties to furnish goods and services, the South Dakota Securities Regulation Office requires that we defer all initial franchise fees until we have fulfilled all of our pre-opening obligations to you under the Franchise Agreement and the franchisee has commenced during business pursuant to the franchise agreement.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Amendment, understands and consents to be bound by all of its terms.

Franchisee Initials/Date

Franchisor's Initials/Date

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for HPB Foam LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h.

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 ground for default for termination state 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.

Item 5 of the Franchise Disclosure Document, *Territory Fee*, and Section 3.1 of the Franchise Agreement, Territory Fee Fee, are amended as follows:

Based on Franchisor’s financial statements and Franchisor’s duty to furnish goods and services, the Virginia State Corporation Commission requires that Franchisor defer all initial franchise fees and Territory Fees until Franchisor has fulfilled all of Franchisor’s pre-opening obligations to Franchisee under the Franchise Agreement. The Virginia State Corporation Commission imposed this deferral requirement due to Franchisor’s financial condition.

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.

**ADDENDUM TO HPB FOAM LLC
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT,
AND ALL RELATED AGREEMENTS
REQUIRED BY THE STATE OF WASHINGTON**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.
3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Non solicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a “franchise broker” is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

Exhibit E
to
HPB Foam LLC
Franchise Disclosure Document

Financial Statements

**HPB Foam LLC
FINANCIAL STATEMENTS
(UNAUDITED)
December 31, 2025**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT
AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF
FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED
PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR
EXPRESSED HIS/HER OPINION WITH REGARD TO THE
CONTENT OR FORM.**

HPB Foam LLC
TABLE OF CONTENTS
December 31, 2025

FINANCIAL STATEMENTS (UNAUDITED)

Balance Sheet	3
Statement of Operations	4
Statement of Members' Deficit	5

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Balance Sheet
as of December 31, 2025

	Period Ending December 31, 2025
Assets	
Current Assets	
Cash	37,352
Accounts receivable	107,891
Due from related parties	-
Other assets	(32,533)
Prepaid franchise commissions, current portion	<u>189,898</u>
Total current assets	302,607
Prepaid Franchise Commissions, Net of Current Portion	911,632
Property and Equipment, Net	66,190
Total assets	<u><u>1,280,430</u></u>
Liabilities and Members' Deficit	
Current Liabilities	
Accounts payable and accrued expenses	169,907
Due to related parties	-
Deferred service fee revenue	-
Deferred franchise fee revenue, current portion	<u>363,912</u>
Total current liabilities	533,819
Deferred Franchise Fee Revenue, Net of Current Portion	<u>1,844,699</u>
Total liabilities	2,378,518
Members' Deficit	<u>(1,098,088)</u>
Total liabilities and members' deficit	<u><u>1,280,430</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Statement of Operations
as of January 1, 2025 through December 31, 2025

	Period Ending December 31, 2025
Revenues	
Franchise fees	1,179,643
Royalties	553,004
Other service fees	473,537
	<u>2,206,184</u>
Cost of Revenues	
Franchise consulting commissions	643,322
Cost of sales	132,892
	<u>776,214</u>
Gross Profit	<u>1,429,970</u>
Operating Expenses	
Advertising	140,392
General and administrative	2,368,824
	<u>2,509,216</u>
Net Loss	<u><u>(1,079,246)</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Statement of Members' Deficit
as of January 1, 2025 through December 31, 2025

	Period Ending <u>December 31, 2025</u>
Balance, Beginning of Period	(1,765,342)
Net Loss	(1,079,246)
Member contributions	1,761,500
Member distributions	<u>(15,000)</u>
Balance, End of Period	<u><u>(1,098,088)</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

**HPB Foam LLC
FINANCIAL STATEMENTS
(UNAUDITED)
September 30, 2025**

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT
AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF
FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED
PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR
EXPRESSED HIS/HER OPINION WITH REGARD TO THE
CONTENT OR FORM.**

HPB Foam LLC
TABLE OF CONTENTS
September 30, 2025

FINANCIAL STATEMENTS (UNAUDITED)

Balance Sheet	3
Statement of Operations	4
Statement of Members' Deficit	5

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Balance Sheet
as of September 30, 2025

	Period Ending September 30, 2025
Assets	
Current Assets	
Cash	205,468
Accounts receivable	156,756
Due from related parties	-
Other assets	90,062
Prepaid franchise commissions, current portion	<u>246,137</u>
Total current assets	698,423
Prepaid Franchise Commissions, Net of Current Portion	1,181,613
Property and Equipment, Net	72,031
Total assets	<u><u>1,952,067</u></u>
Liabilities and Members' Deficit	
Current Liabilities	
Accounts payable and accrued expenses	318,464
Due to related parties	-
Deferred service fee revenue	-
Deferred franchise fee revenue, current portion	<u>457,616</u>
Total current liabilities	776,080
Deferred Franchise Fee Revenue, Net of Current Portion	<u>2,319,693</u>
Total liabilities	3,095,773
Members' Deficit	<u>(1,143,706)</u>
Total liabilities and members' deficit	<u><u>1,952,067</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Statement of Operations
as of January 1, 2025 through September 30, 2025

	Period Ending September 30, 2025
Revenues	
Franchise fees	586,946
Royalties	417,989
Other service fees	404,078
	<u>1,409,012</u>
Cost of Revenues	
Franchise consulting commissions	317,102
Cost of sales	106,164
	<u>423,266</u>
Gross Profit	<u>985,747</u>
Operating Expenses	
Advertising	114,897
General and administrative	1,960,714
	<u>2,075,611</u>
Net Loss	<u><u>(1,089,864)</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

HPB Foam LLC
Statement of Members' Deficit
as of January 1, 2025 through September 30, 2025

	Period Ending September 30, 2025
Balance, Beginning of Period	(1,765,342)
Net Loss	(1,089,864)
Member contributions	1,711,500
Member distributions	-
	<hr/>
Balance, End of Period	<u><u>(1,143,706)</u></u>

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.



HPB Foam LLC **d/b/a iFOAM**

Independent Auditor's Report and Financial Statements

December 31, 2024



Contents

Independent Auditor’s Report..... 1

Financial Statements

 Balance Sheet 3

 Statement of Operations 4

 Statement of Members’ Deficit 5

 Statement of Cash Flows 6

 Notes to Financial Statements 7

Independent Auditor's Report

To the Members and Management
HPB Foam LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Foam LLC d/b/a iFOAM (the Company), which comprise the balance sheet as of December 31, 2024, and the related statements of operations, members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Members and Management
HPB Foam LLC

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Forvis Mazars, LLP

Lincoln, Nebraska
April 29, 2025

HPB Foam LLC
d/b/a iFOAM
Balance Sheet
December 31, 2024

ASSETS

Current Assets

Cash	\$	192,685
Accounts receivable, net		30,610
Prepaid expenses		64,188
Prepaid franchise commissions, current portion		<u>267,579</u>

Total current assets 555,062

Prepaid Franchise Commissions, Net of Current Portion 1,284,547

Property and Equipment, Net 89,891

Total assets \$ 1,929,500

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities

Accounts payable and accrued expenses	\$	130,677
Due to related parties		209,203
Franchise resale liability		317,625
Deferred service fee revenue		1,583
Deferred franchise fee revenue, current portion		<u>500,200</u>

Total current liabilities 1,159,288

Deferred Franchise Fee Revenue, Net of Current Portion 2,535,554

Total liabilities 3,694,842

Members' Deficit (1,765,342)

Total liabilities and members' deficit \$ 1,929,500

HPB Foam LLC
d/b/a iFOAM
Statement of Operations
Year Ended December 31, 2024

Revenues

Franchise fees	\$ 2,485,722
Royalties	939,354
Other service fees	590,073

4,015,149

Cost of Revenue

Franchise consulting commissions	1,375,672
Cost of sales	297,185

1,672,857

Gross Profit

2,342,292

Operating Expenses

Advertising	356,891
General and administrative	3,461,794
Loss on franchise termination	419,578

4,238,263

Operating Loss

(1,895,971)

Other Income (Expense)

Interest expense	(6,797)
Loss on disposal of asset	(58,424)
Insurance recoveries	102,000

36,779

Net Loss

\$ (1,859,192)

HPB Foam LLC
d/b/a iFOAM
Statement of Members' Deficit
Year Ended December 31, 2024

Balance, January 1, 2024	\$ (1,615,886)
Net loss	(1,859,192)
Members' contributions	2,100,736
Members' distributions	<u>(391,000)</u>
Balance, December 31, 2024	<u><u>\$ (1,765,342)</u></u>

HPB Foam LLC
d/b/a iFOAM
Statement of Cash Flows
Year Ended December 31, 2024

Operating Activities

Net loss	\$ (1,859,192)
Item not requiring cash	
Depreciation expense	27,602
Loss on sale of asset	58,424
Changes in	
Accounts receivable	524,217
Inventory	444
Prepaid expenses	(63,969)
Prepaid franchise commissions	1,070,171
Accounts payable and accrued expenses	57,289
Due to related parties	51,074
Franchise resale liability	317,625
Deferred service fee revenue	(117,167)
Deferred franchise fee revenue	<u>(1,802,750)</u>
Net cash used in operating activities	<u>(1,736,232)</u>

Financing Activities

Members' contributions	2,100,736
Members' distributions	(391,000)
Principal payments on long-term debt	<u>(116,575)</u>
Net cash provided by financing activities	<u>1,593,161</u>

Decrease in Cash (143,071)

Cash, Beginning of Year 335,756

Cash, End of Year \$ 192,685

Supplemental Cash Flows Information

Interest paid	\$ 6,797
---------------	----------

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Foam LLC was formed on November 15, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees and grants qualified individuals the right to operate a business that offers and sells various insulation services to residential and commercial customers under the iFOAM trade name. The Company operates from its headquarters in Omaha, Nebraska.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2024, the Company's bank balances did not exceed federally insured limits.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The Company recorded an allowance for credit losses in the amount of \$67,532 at December 31, 2024.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated over the estimated useful life of each asset using the straight-line method.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Vehicle	5 years
---------	---------

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Franchise Resale Liability

From time to time, the Company will terminate franchise agreements with franchisees. Some of these terminations contain provisions for the Company and the franchisee to work together to resell the franchised territories to a third party. These agreements outline payment terms to the franchisee upon the successful resale of the territories. The Company has accrued an estimate of these future payments to be made based on the provisions within each agreement. The Company used historical data and experience from prior terminated franchises agreements containing similar provisions to develop the accrued future payments estimate.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2024.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers*. The practical expedients under ASU 2021-02 aim to simplify the application for identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the members' liability is limited to amounts reflected in their respective member equity accounts.

Note 2. Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees are recognized ratably over the franchise agreement term, which is generally ten years.

A franchise agreement can be terminated through a breach of contract by the franchisee, insolvency of the franchisee, or through mutual agreement between the franchisee and the Company. In the event of a franchise termination, the Company considers the original contract to be complete and recognizes all remaining revenue that was initially deferred upon contract commencement. For the year ending December 31, 2024, franchise fee revenue was comprised of the following components:

Revenue recognized ratably over the franchise term	\$	631,426
Revenue recognized from franchise terminations		<u>1,854,296</u>
Total	\$	<u>2,485,722</u>

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, and lead generation. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2024:

Accounts receivable, beginning of year	\$	554,827
Accounts receivable, end of year		30,610
Contract liabilities, beginning of year	\$	4,957,254
Contract liabilities, end of year		3,037,337

The Company has no contract assets as of December 31, 2024.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

Note 3. Property and Equipment

Property and equipment was comprised of the following at December 31, 2024:

Vehicle	\$ 140,168
Less accumulated depreciation	<u>50,277</u>
	<u>\$ 89,891</u>

Note 4. Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes an allocation of the compensation expense from the affiliate company. Expenses allocated to the Company from SVHB Marketing, LLC for the year ending December 31, 2024 totaled \$1,484,598. At December 31, 2024, due to related parties includes \$150,619 for amounts owed to SVHB Marketing, LLC for allocated expenses.

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2024 totaled approximately \$1,294,000. At December 31, 2024, due to related parties includes \$58,584 for these charges.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2024, franchise commissions from Horsepower Nation totaled \$777,593. At December 31, 2024, there were no balances owed to Horsepower Nation for these commissions.

The Company has incurred recurring losses and negative cash flows from operations. The Company has received a commitment from its majority member to provide additional funds through May 2026 to meet liquidity needs not covered by operating cash flows.

Note 5. Significant Estimates and Concentrations

Litigation

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

Note 6. Subsequent Events

Subsequent events have been evaluated through April 29, 2025, which is the date the financial statements were available to be issued.



HPB Foam LLC **d/b/a iFOAM**

Independent Auditor's Report and Financial Statements

December 31, 2023



Contents

Independent Auditor’s Report..... 1

Financial Statements

 Balance Sheet..... 3

 Statement of Operations 4

 Statement of Members’ Deficit..... 5

 Statement of Cash Flows 6

 Notes to Financial Statements 7



1248 O Street, Suite 1040 / Lincoln, NE 68508

P 402.473.7600 / F 402.473.7698

forvis.com

Independent Auditor's Report

To the Members and Management
HPB Foam LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Foam LLC d/b/a iFOAM (the Company), which comprise the balance sheet as of December 31, 2023, and the related statements of operations, members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Foam LLC d/b/a iFOAM as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

To the Members and Management
HPB Foam LLC

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

FORVIS,LLP

Lincoln, Nebraska
April 29, 2024

HPB Foam LLC
d/b/a iFOAM
Balance Sheet
December 31, 2023

ASSETS

Current Assets

Cash	\$ 335,756
Accounts receivable	554,827
Inventory	444
Prepaid expenses	219
Prepaid franchise commissions, current portion	<u>289,541</u>

Total current assets 1,180,787

Prepaid Franchise Commissions, Net of Current Portion 2,332,756

Property and Equipment, Net 175,917

Total assets \$ 3,689,460

LIABILITIES AND MEMBERS' DEFICIT

Current Liabilities

Accounts payable and accrued expenses	\$ 73,388
Current maturities of long-term debt	25,754
Due to related parties	158,129
Deferred service fee revenue	118,750
Deferred franchise fee revenue, current portion	<u>637,562</u>

Total current liabilities 1,013,583

Deferred Franchise Fee Revenue, Net of Current Portion 4,200,942

Long-term Debt, Net of Current Portion 90,821

Total liabilities 5,305,346

Members' Deficit (1,615,886)

Total liabilities and members' deficit \$ 3,689,460

HPB Foam LLC
d/b/a iFOAM
Statement of Operations
Year Ended December 31, 2023

Revenues

Franchise fees	\$ 1,483,227
Royalties	1,017,952
Other service fees	571,641

3,072,820

Cost of Revenue

Franchise consulting commissions	601,856
Cost of sales	155,979

757,835

Gross Profit

2,314,985

Operating Expenses

Advertising	171,081
General and administrative	3,191,369

3,362,450

Operating Loss

(1,047,465)

Other Expense

Interest expense	9,937
------------------	-------

Net Loss

\$ (1,057,402)

HPB Foam LLC
d/b/a iFOAM
Statement of Members' Deficit
Year Ended December 31, 2023

Balance, January 1, 2023	\$ (133,484)
Net loss	(1,057,402)
Members' contributions	135,000
Members' distributions	<u>(560,000)</u>
Balance, December 31, 2023	<u><u>\$ (1,615,886)</u></u>

HPB Foam LLC
d/b/a iFOAM
Statement of Cash Flows
Year Ended December 31, 2023

Operating Activities	
Net loss	\$ (1,057,402)
Item not requiring cash	
Depreciation expense	30,837
Changes in	
Accounts receivable	28,540
Due from related parties	125,000
Inventory	1,156
Prepaid expenses	32,269
Prepaid franchise commissions	(1,333,778)
Accounts payable and accrued expenses	(18,109)
Due to related parties	(146,751)
Deferred service fee revenue	(8,708)
Deferred franchise fee revenue	<u>1,978,841</u>
Net cash used in operating activities	<u>(368,105)</u>
Investing Activities	
Purchase of property and equipment	<u>(4,140)</u>
Net cash used in investing activities	<u>(4,140)</u>
Financing Activities	
Members' contributions	135,000
Members' distributions	(560,000)
Principal payments on long-term debt	<u>(21,696)</u>
Net cash used in financing activities	<u>(446,696)</u>
Decrease in Cash	(818,941)
Cash, Beginning of Year	<u>1,154,697</u>
Cash, End of Year	<u><u>\$ 335,756</u></u>
Supplemental Cash Flows Information	
Interest paid	\$ 9,937

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Foam LLC was formed on November 15, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that offers and sells various insulation services to residential and commercial customers under the iFOAM trade name. The Company operates from its headquarters in Omaha, Nebraska.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, the Company's bank balances exceeded federally insured limits by approximately \$85,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. The Company deemed an allowance for doubtful accounts unnecessary at December 31, 2023.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated over the estimated useful life of each asset using the straight-line method.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Computers, printers and hardware	3 years
Vehicle	5 years
Furniture, fixtures and equipment	10-20 years

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2023.

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers*. The practical expedients under ASU 2021-02 aim to simplify the application about identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their respective member equity accounts.

Note 2. Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees are recognized ratably over the franchise agreement term, which is generally ten years.

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, and lead generation. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2023:

Accounts receivable, beginning of year	\$	583,367
Accounts receivable, end of year		554,827
Contract liabilities, beginning of year	\$	2,987,121
Contract liabilities, end of year		4,957,254

The Company has no contract assets as of December 31, 2023.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

Note 3. Property and Equipment

Property and equipment was comprised of the following at December 31, 2023:

Computers, printers and hardware	\$ 8,667
Vehicle	140,168
Furniture, fixtures and equipment	<u>70,389</u>
	219,224
Less accumulated depreciation	<u>43,307</u>
	<u><u>\$ 175,917</u></u>

Note 4. Long-term Debt

Note payable (A)	\$ 116,575
Less current maturities	<u>25,754</u>
	<u><u>\$ 90,821</u></u>

(A) Due November 2027; vehicle note payable to a financial institution due in monthly principal and interest installments of \$2,876. Interest is fixed at 8.50%. The note is collateralized by the underlying vehicle.

Aggregate annual maturities of long-term debt obligations at December 31, 2023 are:

2024	\$ 25,754
2025	28,031
2026	30,508
2027	<u>32,282</u>
	<u><u>\$ 116,575</u></u>

Note 5. Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes an allocation of the compensation expense from the affiliate company. Expenses allocated to the Company from SVHB Marketing, LLC for the year ending December 31, 2023 totaled \$1,338,979. At December 31, 2023, due to related parties includes \$97,273 for amounts owed to SVHB Marketing, LLC for allocated expenses.

HPB Foam LLC
d/b/a iFOAM
Notes to Financial Statements
December 31, 2023

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2023 totaled approximately \$1,092,000. At December 31, 2023, due to related parties includes \$60,856 for these charges. Due to short-term cash needs at other Horsepower Brands affiliates, the Company may advance funds to other affiliates which will be repaid from operations. There were no outstanding advances at December 31, 2023.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2023, franchise commissions from Horsepower Nation totaled \$711,716. At December 31, 2023, there were no balances owed to Horsepower Nation for these commissions.

Note 6. Litigation

The company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

Note 7. Subsequent Events

Subsequent events have been evaluated through April 29, 2024, which is the date the financial statements were available to be issued.

HPB Foam LLC

d/b/a iFoam

Independent Auditor’s Report and Financial Statements

December 31, 2022



HPB Foam LLC

d/b/a iFoam

December 31, 2022

Contents

Independent Auditor's Report.....	1
--	----------

Financial Statements

Balance Sheet	3
Statement of Operations	4
Statement of Members' Equity (Deficit)	5
Statement of Cash Flows	6
Notes to Financial Statements	7



1120 S. 101st Street, Suite 410 / Omaha, NE 68124

P 402.392.1040 / F 402.392.1772

forvis.com

Independent Auditor's Report

To the Members and Management
HPB Foam LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Foam LLC d/b/a iFoam (the Company), which comprise the balance sheet as of December 31, 2022, and the related statements of operations, members' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Foam LLC d/b/a iFoam as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

FORVIS,LLP

Omaha, Nebraska
April 27, 2023

HPB Foam LLC
d/b/a iFoam
Balance Sheet
December 31, 2022

Assets

Current Assets

Cash	\$ 1,154,697
Accounts receivable	583,367
Due from related parties	125,000
Inventory	1,600
Prepaid expenses	32,488
Prepaid franchise commissions, current portion	<u>134,239</u>

Total current assets 2,031,391

Prepaid Franchise Commissions, Net of Current Portion 1,154,280

Property and Equipment, Net 202,614

Total assets \$ 3,388,285

Liabilities and Members' Deficit

Current Liabilities

Accounts payable and accrued expenses	\$ 91,497
Current maturities of long-term debt	23,663
Due to related parties	304,880
Deferred service fee revenue	127,458
Deferred franchise fee revenue, current portion	<u>276,201</u>

Total current liabilities 823,699

Other Liabilities

Deferred franchise fee revenue, net of current portion	2,583,462
Long-term debt, net of current portion	<u>114,608</u>

Total liabilities 3,521,769

Members' Deficit (133,484)

Total liabilities and members' deficit \$ 3,388,285

HPB Foam LLC
d/b/a iFoam
Statement of Operations
Year Ended December 31, 2022

Revenues	
Franchise fees	\$ 265,037
Royalties	28,662
Other service fees	<u>320,671</u>
	<u>614,370</u>
Cost of Revenue	
Franchise consulting commissions	194,253
Cost of sales	<u>55,650</u>
	<u>249,903</u>
Gross Profit	<u>364,467</u>
Operating Expenses	
Advertising	169,505
General and administrative	<u>2,115,132</u>
	<u>2,284,637</u>
Net Loss	<u><u>\$ (1,920,170)</u></u>

HPB Foam LLC
d/b/a iFoam
Statement of Members' Equity (Deficit)
Year Ended December 31, 2022

Balance, January 1, 2022	\$ 883,603
Net loss	(1,920,170)
Members' contributions	1,643,083
Members' distributions	<u>(740,000)</u>
Balance, December 31, 2022	<u><u>\$ (133,484)</u></u>

HPB Foam LLC
d/b/a iFoam
Statement of Cash Flows
Year Ended December 31, 2022

Operating Activities

Net loss	\$ (1,920,170)
Item not requiring cash	
Depreciation expense	10,216
Changes in	
Accounts receivable	(583,367)
Due from related parties	(125,000)
Inventory	(1,600)
Prepaid expenses	(21,488)
Prepaid franchise commissions	(1,288,519)
Accounts payable and accrued expenses	(132,501)
Due to related parties	304,880
Deferred service fee revenue	127,458
Deferred franchise fee revenue	<u>2,859,663</u>
Net cash used in operating activities	<u>(770,428)</u>

Investing Activities

Purchase of property and equipment	<u>(15,520)</u>
Net cash used in investing activities	<u>(15,520)</u>

Financing Activities

Members' contributions	1,643,083
Members' distributions	(740,000)
Principal payments on long-term debt	<u>(1,897)</u>
Net cash provided by financing activities	<u>901,186</u>

Increase in Cash 115,238

Cash, Beginning of Year 1,039,459

Cash, Ending of Year \$ 1,154,697

Supplemental Cash Flows Information

Long-term debt incurred for property and equipment acquisition \$ 140,168

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Foam LLC was formed on November 15, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that offers and sells various insulation services to residential and commercial customers under the iFoam trade name. The Company operates from its headquarters in Omaha, Nebraska.

Use of Estimates

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

Cash

The Company maintains cash balances at several financial institutions, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2022, the Company's bank balances exceeded federally insured limits by approximately \$890,000.

Accounts Receivable

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive plus any accrued and unpaid interest. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. The Company deemed an allowance for doubtful accounts unnecessary at December 31, 2022.

Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated over the estimated useful life of each asset using the straight-line method.

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Property and Equipment - Continued

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Computers, printers and hardware	3 years
Vehicle	5 years
Furniture, fixtures and equipment	10-20 years

Prepaid Franchise Commissions

In connection with entering into new franchise agreements with franchisees, the Company pays specified commissions to third parties for services provided to facilitate the execution of the franchise agreement. These commissions are deferred and amortized into expense in future periods over the life of the franchise agreement. The franchise agreement terms are generally ten years.

Deferred Revenue

Revenue from franchise fees collected under the franchise agreements are initially deferred and recognized as revenue over the term of the franchise agreement, which is generally ten years. Revenue for certain other services performed by the Company on an annual basis under the franchise agreements are initially deferred and recognized as revenue ratably over a 12 month period as the services are performed.

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2022.

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Revenue Recognition

The Company generates revenue from the sale of franchise licenses under various agreements. The initial franchise fee is due at signing and is earned based on the recognition of specific performance obligations. The Company can charge various other fees as outlined in the Franchise Disclosure Document. Revenue from royalties is recognized in the period in which the underlying sale occurs.

The Company accounts for revenue under the provisions of Financial Accounting Standards Board (FASB) ASC 606 and Accounting Standards Update 2021-02, *Franchisors – Revenue from Contracts with Customers (Subtopic 952-606)*. ASC 606 prescribes a five-step model for revenue recognition that includes:

- 1) Identify the contract;
- 2) Identify the performance obligations;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations; and
- 5) Recognize revenue as performance obligations are satisfied

The practical expedients under ASU 2021-02 aim to simplify the application about identifying performance obligations by permitting franchisors that are not public business entities to account for pre-opening services provided to a franchisee as distinct from the franchise license. The Company has elected to apply the practical expedients under ASU 2021-02.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their respective member equity accounts.

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 2: Revenue from Contracts with Customers

Franchise Fees

Upon the execution of a franchise agreement, the franchisee will pay the Company an initial franchise fee, which varies based on the number of territories covered under the franchise agreement. Revenue from franchise fees are recognized ratably over the franchise agreement term, which is generally ten years.

Variable Consideration

Franchise agreements contain variable considerations in the form of royalty, technology, software, lead generation, and national advertising fees. These fees are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license.

Contract Balances

The following table provides information about the Company's receivables, contract assets and contract liabilities from contracts with customers as of December 31, 2022:

Accounts receivable, beginning of year	\$	-
Accounts receivable, end of year		583,367
Contract liabilities, beginning of year	\$	-
Contract liabilities, end of year		2,987,121

The Company has no contract assets as of December 31, 2022.

Accounting Policies and Practical Expedients Elected

The Company is applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. This election had an immaterial effect on the Company's financial statements.

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 3: Property and Equipment

Property and equipment was comprised of the following at December 31, 2022:

Computers, printers and hardware	\$ 8,667
Vehicle	140,168
Furniture, fixtures and equipment	66,249
	215,084
Less accumulated depreciation	12,470
	\$ 202,614

Note 4: Long-term Debt

Note payable (A)	\$ 138,271
Less current maturities	23,663
	\$ 114,608

(A) Due November 2027; vehicle note payable to a financing company due in monthly principal and interest installments of \$2,876. Interest is fixed at 8.50%. The note is collateralized by the underlying vehicle.

Aggregate annual maturities of long-term debt obligations at December 31, 2022 are:

2023	\$ 23,663
2024	25,754
2025	28,031
2026	30,508
2027	30,315
	\$ 138,271

HPB Foam LLC
d/b/a iFoam
Notes to Financial Statements
December 31, 2022

Note 5: Related Party Transactions

The Company has an affiliate, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes an allocation of the compensation expense from the affiliate company. Expenses allocated to the Company from SVHB Marketing, LLC for the year ending December 31, 2022 totaled \$833,580. At December 31, 2022, due to related parties includes \$114,340 for amounts owed to SVHB Marketing, LLC for allocated expenses.

The Company has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Costs allocated to the Company, from these other affiliates for the year ending December 31, 2022 totaled \$922,599. At December 31, 2022, due to related parties includes \$117,885 for these charges. Due to short-term cash needs at other Horsepower Brands affiliates, the Company may advance funds to other affiliates which will be repaid from operations. The outstanding amount of these advances totaled \$125,000 at December 31, 2022.

The Company has an affiliate that operates under the trade name Horsepower Nation. This affiliate provides internal broker services to the brands and allocates costs for the procurement of franchisees. For the year ending December 31, 2022, franchise commissions from Horsepower Nation totaled \$299,338. At December 31, 2022, due to related parties included \$72,655 for amounts owed to Horsepower Nation for these commissions.

Note 6: Subsequent Events

Subsequent events have been evaluated through April 27, 2023, which is the date the financial statements were available to be issued.

HPB Foam LLC

d/b/a iFoam

Independent Auditor's Report and Financial Statements

December 31, 2021

HPB Foam LLC
d/b/a iFoam
December 31, 2021

Contents

Independent Auditor's Report.....	1
 Financial Statement	
Balance Sheet	3
Statement of Operations	4
Statement of Members' Equity.....	5
Statement of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

To the Members and Management
HPB Foam LLC
Omaha, Nebraska

Opinion

We have audited the financial statements of HPB Foam LLC d/b/a iFoam (the Company), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, members' equity, and cash flows for the period from inception (November 15, 2021) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of HPB Foam LLC d/b/a iFoam as of December 31, 2021, and the results of its operations and its cash flows for the period from inception (November 15, 2021) to December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Omaha, Nebraska
January 14, 2022

HPB Foam LLC d/b/a iFoam

Balance Sheet December 31, 2021

Assets

Current Assets

Cash	\$ 1,039,459
Prepaid expenses	<u>11,000</u>

Total Current Assets 1,050,459

Fixed Assets

Property, plant and equipment, net	<u>57,142</u>
------------------------------------	---------------

Total Assets \$ 1,107,601

Liabilities and Members' Equity

Current Liabilities

Accounts payable and accrued expenses	<u>\$ 223,998</u>
---------------------------------------	-------------------

Total Current Liabilities 223,998

Total Liabilities 223,998

Members' Equity

Retained deficit	(286,397)
Members' equity	<u>1,170,000</u>

Total Members' Equity 883,603

Total Liabilities and Members' Equity \$ 1,107,601

HPB Foam LLC d/b/a iFoam
Statement of Operations
For the Period from Inception (November 15, 2021) to December 31, 2021

Operating Expenses	
General and administrative	\$ 284,143
Depreciation	<u>2,254</u>
Total Operating Expenses	<u>286,397</u>
Net Loss	<u><u>\$ (286,397)</u></u>

HPB Foam LLC d/b/a iFoam
Statement of Members' Equity
For the Period from Inception (November 15, 2021) to December 31, 2021

Beginning Members' Equity	\$ -
Retained deficit	(286,397)
Members' contributions	<u>1,170,000</u>
Ending Members' Equity	<u><u>\$ 883,603</u></u>

HPB Foam LLC d/b/a iFoam
Statement of Cash Flows
For the Period from Inception (November 15, 2021) to December 31, 2021

Cash Flows from Operating Activities	
Net Loss	\$ (286,397)
Adjustments to reconcile net loss to net cash used by operating activities	
Depreciation expense	2,254
Increase in operating assets	
Prepaid expenses	(11,000)
Increase in operating liabilities	
Accounts payable and accrued expenses	<u>164,602</u>
Net Cash Used in Operating Activities	<u>(130,541)</u>
Cash Flows from Financing Activities	
Members' contributions	<u>1,170,000</u>
Net Cash Provided by Financing Activities	<u>1,170,000</u>
Net Increase in Cash	1,039,459
Cash, Beginning	<u>-</u>
Cash, Ending	<u><u>\$ 1,039,459</u></u>
Supplemental Cash Flows Information	
Property, plant and equipment in accounts payable	\$ 59,396

HPB Foam LLC d/b/a iFoam
Notes to the Financial Statements
December 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

HPB Foam LLC was formed on November 15, 2021 in the Commonwealth of Pennsylvania. The Company is a franchisor of independent franchisees, and grants qualified individuals the right to operate a business that offers and sells spray foam insulation services to residential and commercial customers under the iFoam trade name. The Company operates from its headquarters in Omaha, Nebraska.

Use of Estimates

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

Cash

The Company maintains cash balances at a financial institution, the balance of which may exceed the threshold for insurance provided by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2021, the Company's bank balances exceeded federally insured limits by approximately \$790,000.

Property and Equipment

Property and equipment acquisitions are stated at cost and are depreciated over the estimated useful life of each asset using the straight-line method.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Computers, printers and hardware	3 years
Furniture, fixtures and equipment	10-20 years

HPB Foam LLC d/b/a iFoam
Notes to the Financial Statements
December 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies - Continued

Long-lived Asset Impairment

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the period ended December 31, 2021.

Income Taxes

The Company's members have elected to have the Company's income taxed as a partnership under provisions of the Internal Revenue Code and a similar section of the Nebraska income tax law. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

Limitation of Liability

The Company is a limited liability company, therefore no member, agent or employee of the Company shall be personally liable for the debts, obligations or liabilities of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other member, director, manager, agent or employee of the Company. As a limited liability company, the member's liability is limited to amounts reflected in their respective member equity accounts.

Note 2: Property and Equipment

Property and equipment was comprised of the following at December 31, 2021:

Computers, printers and hardware	\$ 8,078
Furniture, fixtures and equipment	51,318
	59,396
Less accumulated depreciation	2,254
	\$ 57,142

HPB Foam LLC d/b/a iFoam
Notes to the Financial Statements
December 31, 2021

Note 3: Related Party Transactions

The Company has a parent, SVHB Marketing, LLC, a Pennsylvania limited liability company formed on May 13, 2020. All individuals performing services for the Company are employed by SVHB Marketing, LLC, and the Company recognizes an allocation of the compensation expense from the parent company. Expenses allocated to the Company from SVHB Marketing, LLC for the period ending December 31, 2021 totaled \$65,795. At December 31, 2021, accounts payable and accrued expenses includes \$7,619 for amounts owed to SVHB Marketing, LLC for allocated expenses.

The Company also has several affiliates that collectively operate under the trade name of Horsepower Brands. During the course of operations, some affiliates may often pay certain costs on behalf of the Company, which are allocated to the Company and other affiliates or directly reimbursed. Expenses allocated to the Company from these other affiliates for the period ending December 31, 2021 totaled \$52,663. At December 31, 2021, accounts payable and accrued expenses includes \$166,179 for amounts owed to affiliates for these charges.

Note 4: Subsequent Events

Subsequent events have been evaluated through January 14, 2022, which is the date the financial statements were available to be issued.

Exhibit F
to
HPB Foam LLC
Franchise Disclosure Document

Sample Termination and Release Agreement

**SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the “Agreement”) is made this ____ day of _____, 20__, by and between HPB Foam LLC, a Pennsylvania limited liability company, with its principal place of business at 2525 N. 117th Avenue, Omaha, Nebraska 68164 (“Franchisor”) and _____, a _____ with its principal place of business at _____ (“Transferor”).

BACKGROUND

- A. On _____, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate an iFoam Business under Franchisor’s proprietary marks and system (the “System”) at the following approved location: _____ (the “iFoam Business”).
- B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to _____, who has been approved by Franchisor as an authorized transferee.
- C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.
2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.
3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.
4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney’s fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties’ rights or obligations under the Franchise

Agreement. This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations as in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement). This provision does not apply to claims arising under the Franchise Investment Protection Act, Chapter 19.100 RCW, or the rules adopted thereunder.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the Commonwealth of Pennsylvania, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Nebraska and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Nebraska pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

HPB FOAM LLC

By: _____

FRANCHISEE

By: _____

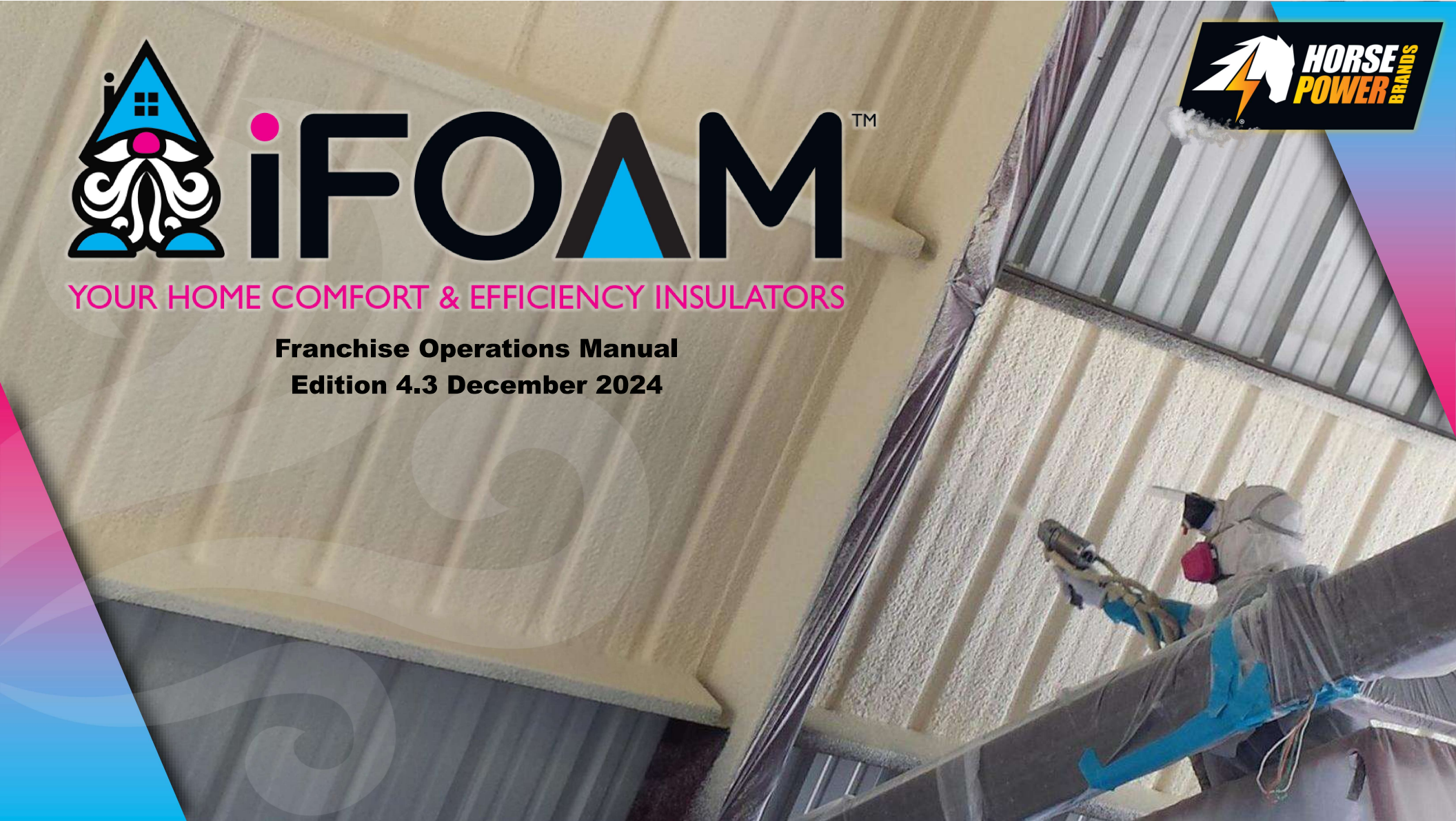
Exhibit G
to
HPB Foam LLC Franchise Disclosure Document
Operations Manual Table of Contents



iFOAM™

YOUR HOME COMFORT & EFFICIENCY INSULATORS

**Franchise Operations Manual
Edition 4.3 December 2024**



Section A: Introduction



WELCOME LETTER

iFOAM MISSION STATEMENT

HISTORY OF iFOAM

FRANCHISE ONBOARDING PROCESS

SERVICES PROVIDED TO iFOAM FRANCHISEES

- Advertising Materials & Sales Aids
- Approved Suppliers
- Corporate Website
- Sample Form Agreements
- Franchise Advisory Council
- Ongoing Training & Support
- On-Site Assistance
- Operations Manual
- Pre-Launch Training
- Protected Marketing Territory
- Use of Trademarks

RESPONSIBILITIES AS AN iFOAM FRANCHISEE

- Responsibilities to Customers
- Responsibilities to Your Crews
- Responsibilities to Your Fellow Franchisees
- Responsibilities to the Franchisor

PAYING OTHER FEES

- Administrative Fee
- Assistance Training
- Accounting Services
- Audit
- Annual Conference
- Attorney's Fees
- Brand Marketing Fee
- Call Center Fee
- Digital Management Fee
- Indemnification
- Initial Training
- Insurance
- Late Payment
- Local Advertising
- Outstanding Account Receivable Fee
- Termination or Expiration Expenses
- Renewal
- Royalty Fee
- Software Updates
- Technology Fee
- Transfer Fee
- ZeePartnerships Fee

Section B: Pre-Launch Procedures



PRE-LAUNCH CHECKLIST

ESTABLISHMENT OF BUSINESS

- Business Structure
 - Traction
 - Level 10
 - VTO
 - Proven Process
 - EOS
- Overview of Entity Choices
- Org Charts
- Naming the Entity
- Obtaining your Employer Identification Number
- Obtaining your Business License

SECURING A LOCATION

- Site Criteria
- Brightway
- Market Analysis
- Gaining Site Acceptance

REQUIRED EQUIPMENT & SUPPLIES LIST

VEHICLE & RIG SPECIFICATIONS

ACCOUNTING/BOOKKEEPING

OPENING BANK ACCOUNTS

ZEECONTACT

SERVICE TITAN

ZEE RECRUIT

OPERATIONS SET-UP

- Operations Software Account Set-Up
- Supplier Account Set-Up
- Subcontractor Hiring/Recruiting
- Subcontractor Insurance Requirements
- Pre-Launch Market Research

LICENSING/PERMITS

OFFICE SET-UP

- Business Phone Number
- Email Set-Up
- Utilities
- Office Furniture/Supplies

PROCURING REQUIRED INSURANCE

PAYING TAXES

- Federal Taxes
- State Taxes
- Sales & Usage Tax

OSHA COMPLIANCE

- OSHA Requirements
- Small Business Employers
- Contact Information

iFOAM UNIVERSITY

SCHEDULE INITIAL TRAINING

- Initial Training Outlines
- On-Site Training Outline
- Alternate Training Outline
- On-Site Training Post Launch

Section C: Human Resources



HELPFUL LINKS/RESOURCES

EEOC GUIDELINES FOR HIRING EMPLOYEES

WAGE AND LABOR LAWS

- [Fair Labor Standards Act](#)
- [What the FLSA Requires](#)
- [FLSA Minimum Wage Poster](#)
- [Other Mandatory Labor Law Posters](#)

LAWS REGARDING HARRASSMENT

- [Sexual Harassment](#)
- [Racial and Ethnic Harassment](#)
- [Pregnancy Discrimination](#)
- [Religious Accommodation](#)

IMMIGRATION REFORM/CONTROL ACT

AMERICANS WITH DISABILITIES ACT

PROFILE OF THE IDEAL iFOAM CREW MEMBER

JOB DESCRIPTIONS

RECRUITING EMPLOYEES

- [Generating Applicants](#)
- [Screening Applicants](#)

THE INTERVIEW PROCESS

- [Interview Overview](#)
 - [EEOC Pre-Employment](#)
 - [Do's & Don'ts](#)
- [Reference Check Procedure](#)
- [Job Offer](#)

NEW EMPLOYEE ORIENTATION & TRAINING

- [New Hire Paperwork](#)
- [Orientation Process](#)
- [Training](#)
- [Ongoing Training](#)
- [Performance Management](#)
- [Onboarding Process](#)
- [Offboarding Process](#)

PAYROLL

TRAINING OUTLINES

UNIFORM/DRESS CODE

EXPENSES

Section D: Estimating & Sales Procedures



PREPARING FOR SALES ACTIVITIES

- Prepare for the Customer
- iFOAM Competitive Advantage

ROLE OF CSR

SALES PLAN

ORGANIC LEAD GENERATION STRATEGY

PRICING & ESTIMATES

FINANCING

QUALITY CONTROL CHECKS

Section E: Office Procedures



SUGGESTED HOURS OF OPERATION

CUSTOMER SERVICE

- Customer Service Philosophy
- Gathering Feedback
- Handling Customer Complaints
- Product Warranty

SERVICE TITAN

MANAGING CUSTOMER FILES

- Customer Files
 - Merge Customer or Location
- Scheduling Jobs
 - New Customers
 - Existing Customers
- Confirming Jobs
 - Marking a Job Complete
 - Dispatch a Job

INVOICING PROCEDURES

- Accepting Payment
- Bookkeeping
- Collections

INVENTORY MANAGEMENT

- Using Approved Suppliers
- Changing Approved Suppliers
- Ordering Procedures
- Receiving Procedures
- Physical Inventory Counts

OPERATIONAL FRANCHISE REPORTING

FRANCHISE REPORTING REQUIREMENTS

- Royalty Payments
- Required Reports
- Electronic Funds Transfer (EFT)

OFFICE MAINTENANCE

VEHICLE MAINTENANCE

VEHICLE SET-UP

JOB SITE SAFETY

SAFETY PROCEDURES

- Safety Rules
- Accident Reporting & Investigation
- Worker's Compensation Issues
- Fire Safety
- Chemical Safety
- Safe Lifting
- Ladder Safety
- Fall Protection
- PPE (Personal Protective Equipment)
- Employee Respirator Program

Section F: Product Knowledge



PRODUCT KNOWLEDGE

- Sprayed Polyurethane Foam
- Surfactant
- Catalyst
- Blowing Agent
- Foam Density

EQUIPMENT BASICS

HEAT, PRESSURE, AND RATIO

TROUBLE SHOOTING

- Equipment Problems
- Material Issues

Section G: Marketing



PRE-OPENING ONBOARDING TASKS

- Market Research
- Phone Number Setup
- Marketing Starter Kit
- Checklist to Attend Academy

INSIDER RESOURCES

MARKETING WITHIN YOUR TERRITORY

- Signage & Logo Specifications
- Vendor Relationships
- Developing a Marketing Plan

LEAD GENERATION

- Marketing Lead Pathways

SOCIAL MEDIA

PUBLIC RELATIONS & COMMUNITY INVOLVEMENT

REQUIRED ADVERTISING EXPENSES

OBTAINING ADVERTISING APPROVAL

Exhibit H
to
HPB Foam LLC
Franchise Disclosure Document

LIST OF CURRENT FRANCHISED LOCATIONS AS OF THE ISSUANCE DATE

The names of all current operational franchisees and telephone number of each of their locations as of the date of this disclosure document

Operational State	Last Name	First Name	Entity Name	Street Address	City	State	Zip Code	Phone	Territory Count
Alabama	McCray & Simpson	Vaughn McCray & Timthoy Simpson	NA Insulation Services, Inc	9582 Madison Boulevard Suite 10	Madison	Alabama	35758	256-202-4029	3
Alabama	Roll	Jonathan Roll	i-Foam LLC	1390 Highway 82 Bypass E	Prattville	Alabama	36067	334-318-3625	2
Arizona	Moseley & Morgan	Duke, Bethany, Randall, Moseley & Debra	Arizona Insulation Pros LLC	7678 E. Greenway Road, Suite 105	Scottsdale	Arizona	85260	623-401-3626	4
Arkansas	Tollett	Johnny	Mister Meister LLC	1 Otter Creek Circle, Suite B	Mabelvale	Arkansas	72103	501-512-0420	3
Colorado	Moran & Steverson	Refugio & Anna-Maria	MOST Enterprises LLC	6100 E 58th Avenue Unit E	Commerce City	Colorado	80022	720-770-8483	5
Colorado	Glassman	Michael	SMV LLC	7808 Cherry Creek South Drive, Suite 208	Denver	Colorado	80231	720-994-7914	5
Colorado	Richardson, Ng, Nguyen-Liu	Jesse, Doris, Alice, & Vi	DAVJ Group, LLC	2865 S Tejon Street	Englewood	Colorado	80110	720-515-0021	3
Florida	Lannan	Brian	Nomial Brands Inc.	1240 Tangelo Terrace, B13-14	Delray Beach	Florida	33344	561-834-9950	3
Florida	Kienast	Curtis & Penny	At Gnome Services LLC	1212 N 39th Street, Suite 408	Tampa	Florida	33605	813-378-3626	3
Georgia	Bachmann	Paul	Bachmann Atlantic LLC	1419 Woodmont Lane NW	Atlanta	Georgia	30318	404-997-8780	3
Idaho	Redd	Stephen	Redhawk LLC	9947 W Emerald St	Boise	Idaho	83704	208-806-3242	3
Missouri	Brooks	Scott & Lisa	BFF Thermal Solutions LLC	949 West Terra Lane	O'Fallon	Missouri	63366	636-622-3004	2
Nebraska	Brockett	Josh	HPB iFoam Omaha LLC	7811 S 134th Street	Omaha	Nebraska	68138	402-558-0345	2
North Carolina	Passino	Jacque George & Jacque Harold	Avalon Services, LLC	6601 Northpark Boulevard, Suite B	Charlotte	North Carolina	28216	704-954-8208	3
North Carolina	Bruce	Jason & Nikki	Ten in Ten Construction, Inc	745 Merritt Capital Drive, Suite 120	Wake Forest	North Carolina	27587	919-891-0017	3
North Dakota	Nilson	Kevin	Nilson Green Coat Construction Inc.	357 11th St. W, Unit A	West Fargo	North Dakota	58078	701-415-8343	1
Ohio	Williamson	Tamar & Marlon	Williamson Insulation Services LLC	7534 Reliance Street	Columbus	Ohio	43085	614-859-5949	4
Tennessee	Lowry	Patrick	Lowry Insulation, LLC	2617 Grandview Avenue, Suite 102	Nashville	Tennessee	37211	615-267-3782	3
Texas	Waggoner	Justin	JUT Lots LLC	2170 Collins Rd, Suite 503	Denton	Texas	76208	469-265-3139	6
Texas	Callis, Dedmon, & Butler	Brushaud, Robert, & Jasmin	JRB Professional Services	5355 Brewster Street	San Antonio	Texas	78233	210-727-1317	3
Texas	Becker & Bartlett	Samual & Kristen	Becker Ventures LLC	24119 Lenze Road Suite D	Spring	Texas	77389	281-519-0281	3
Texas	Schaefer	Werner & Leah	Shepard International Innovations, Inc	2731 Spring Sturbner Road, Suite R	Spring	Texas	77389	(833)36-iFOAM	5
Utah	Bangerter	Nathan & Casey	Insulation Pros, LLC	967 McCormick Way, Unit 3	Layton	Utah	84041	801-820-4091	3

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK

LIST OF FRANCHISES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT OPEN AS OF THE ISSUANCE DATE

Operational State	Last Name	First Name	City	State	Email	Territory Count
Texas	Graham	Nicholas	Houston	Texas	ngraham@ifoam.com	4
<i>REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.</i>						

LIST OF FORMER FRANCHISES AS OF THE ISSUANCE DATE

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

The name, location, and last known telephone number of every franchisee who has had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business during the most recently completed fiscal year as of the date of this Disclosure Document

Operational State	Last Name	First Name	City	State	Contact	Territory Count	Status
Colorado	Brown	Clark	Colorado Springs	Colorado	719-472-3111	3	Terminated
Florida	McGough	Dillon	Jacksonville	Florida	904-552-1049	3	Terminated
Georgia	Cox	Christopher & Caroline	Atlanta	Georgia	678-902-7817	4	Terminated
Iowa	Dietzenbach	Eric	Hiawatha	Iowa	319-520-3039	3	Terminated
Illinois	Cygan	Michael	Des Plaines	Illinois	847-773-0787	3	Terminated
Kansas	Lemon & Henning	Scott & Jacob	Gardner	Kansas	913-225-9314	3	Terminated
Louisiana	Denton & West	Tyrell, Cassia, Branson, & Leah	Baton Rouge	Louisiana	225-347-0744	3	Terminated
Michigan	Horrocks	Brandon	Madison Heights	Michigan	586-894-8014	5	Terminated
Nebraska	Sock & Dalrymple	Todd, Brenda, & Swazy	Norfolk	Nebraska	817-662-7787	3	Terminated
North Carolina	Tognoni	Gary & Caroline	Charlotte	North Carolina	704-259-4749	5	Terminated
Oklahoma	Frankenfield	Todd & Holly	Tulsa	Oklahoma	918-347-3018	5	Terminated
South Carolina	Kennedy	John Michael	Columbia	South Carolina	803-622-0681	3	Terminated
Tennessee	Rivera	Sean	Farragut	Tennessee	865-212-0441	4	Terminated
Tennessee	Patton	James Andrew	Nashville	Tennessee	615-326-4219	3	Terminated
Texas	Whipple	Christopher & Lisa	Keller	Texas	469-995-9447	3	Terminated
Texas	Jones	Jamie & Greg	Leander	Texas	512-980-0365	3	Terminated
Texas	Turcotte	Chase & John	San Antonio	Texas	210-422-6449	3	Terminated
Texas	Callis, Dedmon, & Butler	Brushaud, Robert, Jasmine	Stafford	Texas	210-727-1317	3	Terminated
Utah	Mugleston	Derek	Riverton	Utah	385-439-0346	3	Terminated
West Virginia	Clark & Roach	Jacob, Robert, & Zachary	Ironton	West Virginia	833-468-3626	2	Terminated

REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.

Exhibit I
to
HPB Foam LLC
Franchise Disclosure Document

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Florida, Hawaii, Illinois, Indiana, Kentucky, Maryland, Michigan, Minnesota, Nebraska, New York, North Dakota, Rhode Island, South Dakota, Texas, Utah, 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	STATUS
CALIFORNIA	Not Registered
FLORIDA	Exempt
HAWAII	Not Registered
ILLINOIS	Registered
INDIANA	Pending Registration
KENTUCKY	Exempt
MARYLAND	Not Registered
MICHIGAN	Registered
MINNESOTA	Registration Pending
NEBRASKA	Exempt
NEW YORK	Not Registered
NORTH DAKOTA	Registration Pending
RHODE ISLAND	Registration Pending
SOUTH DAKOTA	Registration Pending
TEXAS	Exempt
UTAH	Exempt
VIRGINIA	Registration Pending
WASHINGTON	Not Registered
WISCONSIN	Registered

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**Exhibit J
to
HPB Foam LLC
Franchise Disclosure Document**

Receipts

RECEIPTS (OUR COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If HPB Foam LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB Foam LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor’s agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issue date: April 29, 2025, as amended January 29, 2025

I have received a Franchise Disclosure Document with an issue date of April 29, 2025, as amended January 29, 2025, which included the following Exhibits:

- A – List of State Administrators and Agents for Service of Process
- B – Franchise Agreement
- C – Multi-Unit Addendum
- D – State Specific Addenda
- E – Financial Statements
- F – Sample Termination and Release Agreement
- G – Operations Manual Table of Contents
- H – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year
- I – State Effective Dates Page
- J – Receipt

The franchise seller(s) for this offering is/are as follows: Tony Hulbert, 2525 N. 117th Avenue, Omaha, Nebraska 68164; HPB Foam LLC d/b/a iFoam, 2525 N. 117th Avenue, Omaha, Nebraska 68164.

<p><u>If an Individual:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Date: _____</p> <p>Address: _____</p> <p>_____</p>	<p><u>If a Business Entity:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Name of Entity: _____</p> <p>Address: _____</p> <p>_____</p>
--	--

RECEIPTS (KEEP THIS COPY)

This disclosure document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If HPB Foam LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If HPB Foam LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor’s agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issue date: April 29, 2025, as amended January 29, 2025

I have received a Franchise Disclosure Document with an issue date of April 29, 2025, as amended January 29, 2025, which included the following Exhibits:

- | | |
|--|---|
| A – List of State Administrators and Agents for Service of Process | H – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year |
| B – Franchise Agreement | I – State Effective Dates Page |
| C – Multi-Unit Addendum | J – Receipt |
| D – State Specific Addenda | |
| E – Financial Statements | |
| F – Sample Termination and Release Agreement | |
| G – Operations Manual Table of Contents | |

The franchise seller(s) for this offering is/are as follows: Tony Hulbert, 2525 N. 117th Avenue, Omaha, Nebraska 68164; HPB Foam LLC d/b/a iFoam, 2525 N. 117th Avenue, Omaha, Nebraska 68164.

<p><u>If an Individual:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Date: _____</p> <p>Address: _____</p> <p>_____</p>	<p><u>If a Business Entity:</u></p> <p>Signature: _____</p> <p>Name: _____</p> <p>Title: _____</p> <p>Name of Entity: _____</p> <p>Address: _____</p> <p>_____</p>
--	--